

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT
UNIFIED SCHOOL DISTRICT NO. 260, DERBY, KANSAS**

July 1, 2013 to June 30, 2014

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Craig Wilford, Superintendent
Heather Bohaty, Asst. Superintendent, Human Resources
Charlene Laramore, Asst. Superintendent, Curriculum & Instruction

Prepared by District Administration

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UNIFIED SCHOOL DISTRICT NO. 260, DERBY, KANSAS
COMPREHENSIVE ANNUAL FINANCIAL REPORT
Year Ended June 30, 2014

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INTRODUCTORY SECTION



December 19, 2014

To the Citizens of Unified School District No. 260:

This publication is a Comprehensive Annual Financial Report for Unified School District No. 260 (District) for the fiscal year ended June 30, 2014. Generally Accepted Accounting Principles require that these financial statements present the District (the primary government) and its component units. A component unit is a separate entity for which the District is financially accountable or the nature and significance of the relationship between the District and entity are such that exclusion would cause the District's financial statements to be misleading or incomplete. The District has determined that the Derby Recreation Commission meets the criteria of a component unit and the financial data of the Derby Recreation Commission is included in the financial statements as a discretely presented component unit. The report has been prepared by the District administrative team to provide financial information, useful for making economic, political and social decisions and for demonstrating accountability and stewardship. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the District administrative team.

To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the District. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements. Included in the report are all disclosures necessary to enable the reader to gain an understanding of the District's financial activities. Constituents who may find this report useful include voters, taxpayers, service beneficiaries, governing boards, oversight bodies, management, intergovernmental guarantors, investors, lenders and employees.

George, Bowerman and Noel, P.A., Certified Public Accountants, have issued an unmodified opinion on the District's financial statements for the year ended June 30, 2014. The independent auditor's report is located at the front of the Financial Section of this report.

Generally Accepted Accounting Principles require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The District's MD&A can be found immediately following the report of the independent auditors in the Financial Section of this report.

Profile of the District

The District is a diversified educational institution with about 7,000 students located in southern Sedgwick County. With a population of approximately 45,000 patrons, the District enjoys economic benefits and challenges of a large metropolitan area while maintaining a quality of life found in smaller cities. The 50 square miles of the District substantially covers all of the City of Derby and beyond the city limits into large portions of Sedgwick County, including the Oaklawn/Sunview area, McConnell Air Force Base, Towne Parc, Turtle Run, Rockford and Salem Townships. Mid Western Aircraft Systems, Inc., and Spirit AeroSystems, Inc. are the largest taxpayers located within the District's boundaries. The student population of the school district is expected to increase by about thirty students per year for the foreseeable future.

The District provides a full range of educational services. These services include educational programs for grades PreK-12, Special Education, Title 1 reading and math programs, professional development activities for educators, testing programs, extra- and co-curricular activities, transportation, food services,

maintenance and custodial services and general administrative services. The District also regulates community use of school facilities, which totaled 11,728 hours last year.

The District operates under a seven-member Board of Education (Board) that is elected to four-year terms on an at-large basis. The Board hires the Superintendent who appoints the remainder of the management team. All contracts and expenditures must be approved by the Board.

The District has twelve school buildings. Seven of the buildings are at least 50 years old including four of the nine elementary schools. The high school, the largest building in the District at 350,000 square feet, is twenty years old. The District has five buildings which are used for educational support functions.

The local economy

The District is the largest employer in the City of Derby, employing approximately 1,100 individuals. The City of Derby has experienced consistent growth during the past ten years. While the growth in the area has slowed over the past few years, the area continues to show population growth along with many new businesses that have chosen to locate in the city.

The economic condition and outlook of the District is ever changing. The District is located in the Wichita, Kansas Metropolitan Statistical Area (WMSA). In general, the downturn in the economy for the nation has been slower in the WMSA. Local employment has remained level in the WMSA in terms of unemployment. While the national economy has shown signs of turning around, the WMSA and the state continue to lag behind in many economic factors. The WMSA housing market continues to be slower than other parts of the Midwest. The aircraft industry has not shown much growth in recent years. Layoffs continue to have a negative impact on other areas of the local economy. One manufacturer completed the relocation of all local jobs to other states.

McConnell Air Force Base is one of the few major air refueling wings in the United States Air Force. Since McConnell is located within the District's boundaries, we continually adjust to the changing enrollment demands that mobile communities create for local school districts. Changes in staffing have added families to the local area as jobs are moved from other bases around the country. This pattern is expected to continue over the next few years as new programs are based at McConnell for the Air Force and Kansas Air National Guard.

New businesses continue to open their doors each year in the Derby community with several dining establishments and retail stores opening by the end of 2014. New shopping areas continue to develop and expectations are that this trend will continue. All of these are in addition to new residential developments and senior living communities that continue to expand in virtually all geographic areas of the District.

The Legislature

Kansas school districts fall into three distinct enrollment categories, each one educating about one-third of the state's student population. Kansas has a uniform base budget per pupil and a uniform statewide mill levy. The District is considered a medium-size school district, and state correlation weighting formulas favor the small districts. In an effort to offset the cuts made to school funding at the state level, many districts raised their general fund through a Local Option Budget (LOB) resolution. The LOB allowed districts to levy local taxes up to 30% of their legal maximum general fund budget. Changes in the law for 2014-15 will allow districts to seek voter approval to increase the percentage above the 30% cap.

The 1997 State Legislature made significant changes in the LOB process. For the first time, school boards were able to adopt a portion of LOB authority without being subject to a protest petition. In districts where the per pupil budget is below the average of similar-sized districts – like Derby – boards are allowed to adopt LOBs that would allow them to spend at the average without that increase being subject to a protest petition. The District's LOB authority for the 2013-14 school year was at the 30% maximum, which amounted to \$12,577,953.

The economic downturn forced the Governor and the State Legislature to make changes in the amount of money provided to schools. A continuation of the slow economic recovery resulted in no increase in the base budget per pupil to \$3,838. The budget per pupil to be used next year will increase to \$3,852. State

aid for Capital Outlay was reinstated for next year as part of a court ruling. The District continues to work through a process to identify areas where reductions can be made to stay within the budget amounts.

The enrollment for the District increased slightly for 2013-14. The full-time equivalency (FTE) student enrollment that the budget is computed on increased by about 130 FTE. Projections show that the enrollment should continue to show slight increases over the next few years. The total District budget authority for 2013-14 is \$83,664,047. At this time, the District has not projected additional financing needs above the annual budget approved by the Board of Education.

In April 2012 the voters of the District approved a \$66.7 million bond issue by a three to one margin. The bond projects include a new 6-8 grade middle school, additions to the current middle school (making it a 6-8 grade center also) and four elementary schools, a new central kitchen facility, and new roofs at ten school buildings. A number of projects to be funded by Capital Outlay funds were also approved by the Board of Education.

Relevant financial policies

The administrative team of the District is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the District are protected from loss, theft or misuse and to ensure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. The internal accounting controls are designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

In addition to internal accounting controls, the District maintains budgetary controls. The District's budget is prepared on the modified accrual basis of accounting further modified by encumbrances. The Superintendent and the Board evaluate the budget proposals of the various District organizations to determine the funding level of the operating and public service programs. After giving due consideration to the input received from the citizens, the Board adopts the budget. The adopted budget thus becomes a document that places before the people of the District a clear and precise picture of the cost of public services which will be provided. The budget is appropriately controlled through an on-line accounting system to assure effective fiscal management and accountability. Management may amend the amount of a specific object or purpose appropriation without obtaining authorization from the Board of Education provided the amendments or transfers do not create a total budgeted expenditure amount for a specific fund in excess of that amount adopted by the Board of Education.

Major initiatives

During the 2011-2012 school year, the District adopted a third strategic plan to guide the District actions for the subsequent five years. We feel that we followed the previous plans and were able to meet the vast majority of the action plans set forth within them. This new plan has five strategies along with specific results and action plans that were developed by teachers, administrators, patrons and community members.

The Curriculum Committee developed a document for all staff which outlines effective teaching strategies, responsibilities for administrators and teachers, and expectations for the delivery of the curriculum. The model, Marzano's Instructional Strategies, is being used to guide instructional practices. Staff members are provided inservice time throughout the year on these instructional strategies.

Our technology committee, working closely with our instructional coordinators, continues to integrate technology into our curriculum maps. This idea was based on feedback we received from staff on their level of technology proficiency and their desire to have samples of ways we can integrate technology into our curriculum maps. These strategies are shared with staff during grade level or department meetings conducted by our instructional coordinators. This technology allows teachers another tool in meeting the needs of our students.

As we continue to look for ways to build partnerships within our diverse community we have taken several specific steps to address this strategy. We provide new teacher training dealing with diversity through

readings and discussion. In addition, we have asked each building to contact key community members and invite them into the schools so they have a better understanding of the needs and challenges which occur each day within our buildings. We have also made contacts with various community, state, and federal organizations in order to build partnerships between them and the District.

USD 260 will continue to collect assessment data and share it with students, parents and the community. Articles were published in the District newsletter throughout the 2013-2014 school year sharing assessment results and plans of action to improve student performance. Software has also been purchased to record data for easier access by teachers to help guide instruction. Follow up information on graduated seniors was also collected to determine what activities they are involved in after graduation. Each spring we also produce a year in review document identifying information about programs, staff, and assessments.

Long-Term Financial Planning

The District continues to follow the long-term planning process to fully address needed building improvements. The entire process has been identified as the "Process for Success." The completed master plan has identified the needed improvements into three categories – (1) priority needs; (2) short-term needs and (3) long-term needs. Financial resources for the planned projects will be financed through general obligation bonds and resources available through the District's Capital Outlay Fund. The "priority needs" portion of this master plan identified \$66,640,000 of improvements including a new middle school, a new central kitchen facility, roof replacements on numerous buildings and improvements to elementary, middle and high school facilities. As previously mentioned, voters within the District approved a bond election in April 2012.

Awards and Acknowledgements

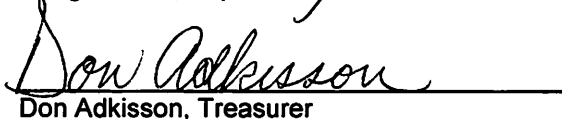
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Unified School District No. 260, Derby, Kansas for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2013. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports. The certificate is presented following this letter.

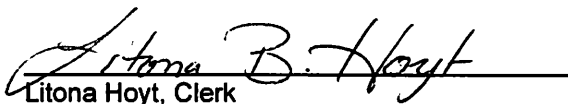
A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

The preparation of the CAFR on a timely basis was made possible by the dedicated service of the entire staff. Each member of the USD 260 staff who assisted and contributed to its preparation has our sincere appreciation. We also thank the USD 260 BOE members for their interest and support in planning and conducting the financial operations of the District in a responsible and progressive manner.

Sincerely,



Craig Wilford, Superintendent

Don Adkisson, Treasurer

Litona Hoyt, Clerk



Government Finance Officers Association

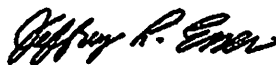
**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**Derby Unified School District No. 260
Kansas**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2013



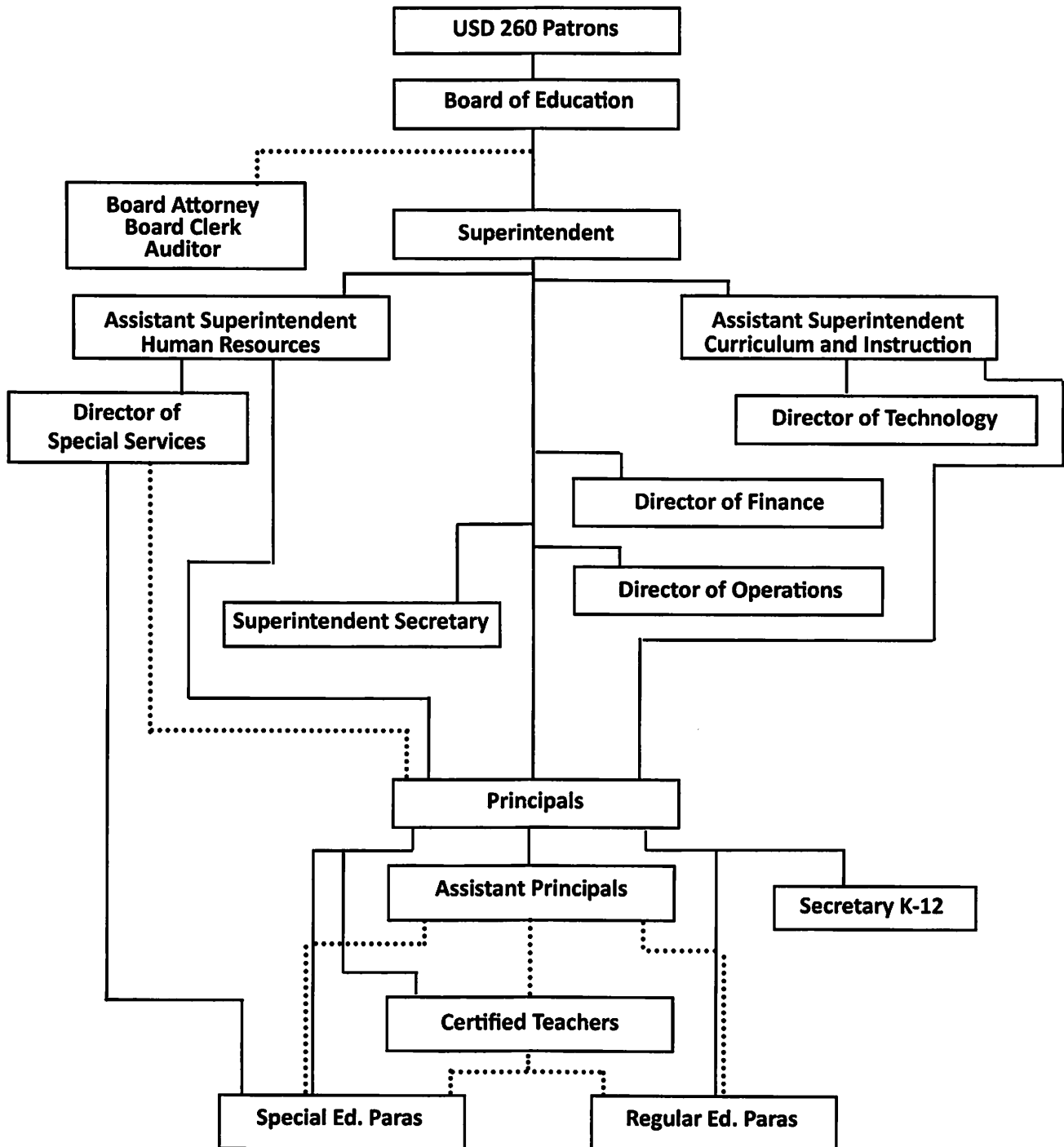
Executive Director/CEO

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Unified School District No. 260, Kansas for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2013.

In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized Comprehensive Annual Financial Report, whose contents conform to program standards. Such CAFR must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. USD 260 has received a Certificate of Achievement for the last twenty-six consecutive years (fiscal years 1984-2013). We believe our current report continues to conform to the Certificate of Achievement program requirements, and we are submitting it to GFOA.

DERBY USD 260 DISTRICT ORGANIZATIONAL CHART 2013-2014



LEGEND

Primary Supervisor ———
 Auxiliary Supervisor

UNIFIED SCHOOL DISTRICT NO. 260, DERBY, KANSAS
LIST OF PRINCIPAL OFFICIALS
June 30, 2014

<u>Title</u>	<u>Name</u>
School Board President	Andree' Sisco
School Board Vice President	Matthew Joyce
School Board Member	Matt Hoag
School Board Member	Jose' Martinez
School Board Member	Carolyn Muehring
School Board Member	Tom Ostrander
School Board Member	Janet Sprecker
Superintendent	Craig Wilford
Asst. Supt. Human Resources	Heather Bohaty
Asst. Supt. Curriculum & Instruction	Charlene Laramore
Director of Budget & Finance/Treasurer	Don Adkisson
Director of Operations	Tom Snodgrass
Director of Special Services	Doug Anderson
Director of Technology	Drew Lane
Board Clerk	Litona Hoyt

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FINANCIAL SECTION

George, Bowerman & Noel, P.A.

Epic Center 301 N. Main, Suite 1350 Wichita, Kansas 67202 Telephone (316) 262-6277 Fax (316) 265-6150

INDEPENDENT AUDITOR'S REPORT

Board of Education
Derby Unified School District No. 260
Derby, Kansas

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Derby Unified School District No. 260 as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the *Kansas Municipal Audit and Accounting Guide*. The financial statements of the Derby Recreation Commission (component unit) were not audited in accordance with *Government Auditing Standards*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the discretely presented component unit, each major fund and the aggregate remaining fund information of Derby Unified School District No. 260, Derby, Kansas, as of June 30, 2014, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplementary information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the *Governmental Accounting Standards Board* who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Derby Unified School District No. 260's basic financial statements. The combining and individual nonmajor fund financial statements and schedules and the introductory and statistical sections as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal and state awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and schedules and the schedule of expenditures of federal and state awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing

procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and schedules and schedule of expenditures of federal and state awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 12, 2014 on our consideration of Derby Unified School District No. 260's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Derby Unified School District No. 260's internal control over financial reporting and compliance.

George, Bowerman & Noel, P.A.

Wichita, Kansas
December 12, 2014

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Unified School District No. 260, Derby, Kansas
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2014

This discussion and analysis of the Derby Unified School District's financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2014. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the transmittal letter, notes to the basic financial statements and financial statements to enhance their understanding of the District's financial performance.

The Management Discussion and Analysis (MD&A) is an element of the new reporting model adopted by the Governmental Accounting Standards Board (GASB) in their Statement No. 34, Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments, issued June 1999. Certain comparative information between the current year and the prior year is required to be presented in the MD&A.

FINANCIAL HIGHLIGHTS

The trends of prior years indicated that during the fiscal year 2013-2014, the Derby Unified School District would experience another year of increases in the cost for special education instruction and for both at-risk and English Language Learner student populations. The District continues to rely upon the Local Option Budget (LOB) to provide funding for these increases. No increases in the base funding from the State of Kansas continues to force the District to make reductions in staff and instructional programs.

USING THE COMPREHENSIVE ANNUAL FINANCIAL REPORT (CAFR)

This comprehensive annual financial report consists of management's discussion and analysis, the basic financial statements and required supplementary information. These statements are organized so the reader can understand the District as a whole, an entire operating entity. The basic financial statements include two kinds of statements that present different views of the District. The first series of statements are the district-wide financial statements. The second kind of financial statements are the fund financial statements.

REPORTING THE SCHOOL DISTRICT AS A WHOLE

District-Wide Financial Statements

The district-wide financial statements include all assets and liabilities of the District using the accrual basis of accounting. This method of accounting is similar to how private sector companies report the results of their operations. These statements take into account all of the current year's revenues and expenses regardless of when cash is received or paid.

The first of the district-wide statements is the Statement of Net Position. The Statement of Net Position presents balance information for the entire District operations at a given point in time (June 30, 2014). The assets include all cash and investments, receivables including taxes assessed that remain uncollected and capital assets reduced by accumulated depreciation. Liabilities include accounts payable, claims payable and outstanding general obligation debt. This results in a statement that encompasses the entire operations of the Derby Unified School District.

Although the Statement of Net Position reports total net position of \$40.2 million, the District has restrictions over the use of these funds. The investment in facilities and equipment is necessary to carry out the mission of the District. Kansas state laws segregate funds and place restrictions on spending. This should be considered when reviewing the report.

The second of the district-wide financial statements is the Statement of Activities. This statement shows the results of operations that caused the net position to change from the prior year to the amount reported

on the Statement of Net Position as of June 30, 2014. This statement answers the question, "How did we do financially during fiscal year 2014?" This change in net position is important because it tells the reader that, for the school district as a whole, the financial position has improved or diminished. The statement for 2014 indicates an increase in the District's financial position. The causes of this change may be the result of many factors. Most notably, the results are influenced by:

- ◆ the property tax base,
- ◆ operating expenditure limits imposed by Kansas law,
- ◆ building improvements,
- ◆ number of students served, and
- ◆ staff levels.

The Statement of Activities classifies expenses by functional area. The report also shows corresponding charges for services and restricted grants for each function that helps support the expenses. The resulting Net (Expenses) Revenue and Changes in Net Position shows the remaining expenses not supported by charges for services and restricted grants. General revenues are then applied to the remaining expenses resulting in the total change in net position for the year.

REPORTING THE SCHOOL DISTRICT'S MAJOR FUNDS

Fund Financial Statements

Financial statements by fund follow the district-wide statements. These statements provide more detail about the District according to the various funds established under Kansas law. The major funds are listed separately with all non-major funds aggregated in the column labeled "Other Governmental Funds." As shown on the reconciliations on pages 22 and 24, the fund statements differ from the district-wide statements (Statement of Net Position and Statement of Activities) by excluding the following:

- ◆ cost of capital assets less accumulated depreciation, and
- ◆ long-term liabilities.

The District's two kinds of funds are governmental and fiduciary funds.

Governmental Funds

Most of the District's activities are reported in the governmental funds, which focus on 1) how cash and other financial assets, that can be readily converted to cash, flow in and out and 2) the balances left at year end that are available for spending. The statements show revenue, expenditures and fund balances for each listed fund.

The fund classifications provide additional information about the entity. The General and Special Education funds encompass the major operating funds. The Capital Outlay fund is the primary source for the purchase of furniture, equipment and for major repairs and improvements to buildings and grounds. The Debt Service fund is used to pay outstanding general obligation bonds and related interest charges as they become due.

Fiduciary Funds

The District's fiduciary funds are comprised of agency funds. Agency funds are used to account for assets held in a trustee capacity or as an agent for individuals, private organizations and/or other funds. Agency funds include student activity monies at the various schools. The District's agency funds are reported on the Statement of Fiduciary Net Position.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

The District's total net position was \$40,180,089 on June 30, 2014.

DERBY UNIFIED SCHOOL DISTRICT NO. 260'S NET POSITION

	<u>2014</u>	<u>2013</u>	<u>Change Increase (Decrease)</u>
Current and other assets	\$ 62,987,267	\$ 82,854,991	\$ (19,867,724)
Capital assets, net	<u>68,656,724</u>	<u>41,163,659</u>	<u>27,493,065</u>
Total assets	<u>131,643,991</u>	<u>124,018,650</u>	<u>7,625,341</u>
Long-term liabilities	82,775,119	79,852,849	2,922,270
Other liabilities	<u>6,916,324</u>	<u>3,833,982</u>	<u>3,082,342</u>
Total liabilities	<u>89,691,443</u>	<u>83,686,831</u>	<u>6,004,612</u>
Deferred inflows of resources	<u>1,772,459</u>	<u>1,819,172</u>	<u>(46,713)</u>
Net position:			
Invested in capital assets, net of related debt	40,266,732	33,680,814	6,585,918
Restricted for debt service	3,497,704	3,340,724	156,980
Restricted for educational purposes	1,309,607	3,449,022	(2,139,415)
Unrestricted	<u>(4,893,954)</u>	<u>(1,957,913)</u>	<u>(2,936,041)</u>
Total net position	<u>\$ 40,180,089</u>	<u>\$ 38,512,647</u>	<u>\$ 1,667,442</u>

Most of the District's net position is invested in capital assets (buildings, land, and equipment). The remaining net position is a combination of restricted and unrestricted amounts. The restricted balances are amounts set aside by constraints placed on resources by creditors, grantors, laws or regulations, or enabling legislation.

The results of this year's operations as a whole are reported in the Statement of Activities. All expenses are reported in the first column. Specific charges, grants, revenues and subsidies that directly relate to specific expense categories are represented to determine the final amount of the District's activities that are supported by other general revenues. The two largest general revenues are grants and entitlements provided to the District and local property taxes assessed to community taxpayers. A condensed summary of the changes in the District's net position for the year ended June 30, 2014, with comparative amounts for 2013, is as follows:

DERBY UNIFIED SCHOOL DISTRICT No. 260'S CHANGES IN NET POSITION

	<u>2014</u>	<u>2013</u>	<u>Change Increase (Decrease)</u>
Revenues:			
Charges for services	\$ 2,825,723	\$ 2,697,917	\$ 127,806
Operating grants and contributions	15,790,525	14,794,195	996,330
Capital grants and contributions	---	719,548	(719,548)
General revenues:			
Property taxes levied for:			
General purposes	18,520,372	18,248,040	272,332
Debt service	3,287,031	3,308,340	(21,309)
Capital outlay	2,551,930	2,575,411	(23,481)

	2014	2013	Change Increase (Decrease)
Grants and entitlements not restricted to specific programs	\$ 28,675,797	\$ 27,966,231	\$ 709,566
Investment earnings	263,941	389,756	(125,815)
Total revenues	<u>71,915,319</u>	<u>70,699,438</u>	<u>1,215,881</u>
Expenses:			
Instruction	43,209,151	42,459,420	749,731
Student support services	3,935,280	4,262,776	(327,496)
Instructional support services	2,177,544	1,990,559	186,985
General administration	1,135,450	967,197	168,253
School administration	3,000,687	3,009,629	(8,942)
Operations and maintenance	5,972,752	6,651,140	(678,388)
Central support services	1,182,908	889,976	292,932
Student transportation services	1,239,101	1,448,386	(209,285)
Food service operations	2,992,931	3,005,371	(12,440)
Community service operations	127,268	133,609	(6,341)
Recreation	2,978,234	3,015,576	(37,342)
Interest on long-term debt	<u>2,296,571</u>	<u>2,390,052</u>	<u>(93,481)</u>
Total expenses	<u>70,247,877</u>	<u>70,223,691</u>	<u>24,186</u>
Increase (decrease) in net position	1,667,442	475,747	1,191,695
Net position at July 1	<u>38,512,647</u>	<u>38,036,900</u>	<u>475,747</u>
Net position at June 30	<u>\$ 40,180,089</u>	<u>\$ 38,512,647</u>	<u>\$ 1,667,442</u>

The District's total revenues amounted to \$71.9 million with unrestricted grants and entitlements contributing 39.9%, property taxes contributing 33.9%, operating grants and contributions contributing 22.0% and all other revenue sources contributing the remaining 4.2% of revenues. The most significant changes from the preceding year include:

- ◆ Grants and entitlements not restricted to specific programs increased \$709,566 due to increases in general state aid allocations from increased enrollment.
- ◆ Operating grants and contributions increased by \$996,330 as a result of State of Kansas increases in aid provided to school districts.
- ◆ Capital grants and contributions decreased by \$719,548 as a result of the completion of grants provided in prior years.
- ◆ Property taxes increased by \$227,542 for 2014 with the majority of the increase in the Supplemental General Fund. The District's total mill levy increased from 59.305 to 60.083.

Total expenses for the District increased by \$24,186, or 0.03% for 2014. Total salaries and benefits account for approximately 73% of total expenses for the District. Major expense changes compared to 2013 are as follows:

- ◆ Instruction functional expenses increased by \$749,731, or 1.77%, for 2014. Teacher salaries account for a significant portion of this expense classification, the average annual teacher's salary for fiscal year 2014 reflected a increase of approximately 1.6% as a result salary negotiations. Money was added to the master cell and column movement was given to certified staff that completed their Masters degree. Due to per pupil state aid remaining constant, all other instructional expenses

incurred reductions in order that the district could increase salaries. Other significant increases in this functional area can be attributed to increases in depreciation expense of \$823,282, accrued compensated absence liabilities of \$240,868 and early retirement benefits liability of \$84,463.

- ◆ Student and instructional support expenses decreased \$140,511, or 2.25%, for 2014. This decrease can be attributed to constraints on material purchases during 2014 to allow for salary increases.
- ◆ Operations and maintenance expenses decreased by \$678,388, or 10.2%, for 2014. As the district continued work on projects funded from the approved bond issue, several smaller projects were completed across the district.
- ◆ Food Service operations showed a decrease in expenses of \$12,440 which is directly related to the number of meals served.
- ◆ Recreation functional expenses decreased \$37,342 representing decreased appropriations to the Derby Recreation Commission, which were anticipated in the annual budgeting process.
- ◆ Interest on long-term debt decreased \$93,481 due to lower balances related to the bond issue from July 2012.
- ◆ All other functional categories account for the remaining \$236,617 of the total expense increase for 2014.

DISTRICT FUNDS

As the District completed the year, its governmental funds reported combined fund balances of \$54.3 million. This is an decrease of \$23.0 million which resulted from completion of construction projects related to the 2012 bond issue. The General and Special Education funds are the primary sources of operating revenues for the District. These funds account for \$45.7 million or 63.6% of the total revenues. The Debt Service fund represents 6.2% of the total with the remaining 30.2% in other governmental funds.

General Fund

The General Fund is the primary operating fund of the District and funding is provided principally from state aid and property taxes. The ending fund balance of \$1,956,622 is principally comprised of Supplemental General (LOB) and Contingency Reserve balances of \$404,623 and \$1,357,772 respectively. The fund balance for the General Fund decreased by \$912,159 for 2014, compared to \$235,916 for 2013. Revenues for state aid increased due to increased enrollment. Student fees and other reimbursements also increased resulting in a net increase in revenues of \$200,945. Expenditures increased by \$1,881,163 from 2013 with equipment purchases under a capital lease accounting for \$1,003,975 of that decrease. Expenditures from the Contingency Reserve increased \$663,021 and comprised the remaining increase in total expenditures. The majority of the Contingency Reserves expenditures were the result of an Internal Revenue Service audit that was completed in 2014.

Special Education Fund

The Special Education Fund expenditures decreased by \$184,954, or approximately 1.9%, as a result of decreases in the student population requiring these services. The ending fund balance of \$813,443 exceeded the anticipated budget carryover into fiscal year 2015 by \$20,184.

Debt Service Fund

The Debt Service restricted fund balance of \$3.5 million is available only to pay the bond and interest payment in October 2014. The mill levy for the fund varies according to the payment schedule for the outstanding bonds.

Capital Outlay Fund

Capital Outlay Fund expenditures exceeded revenues by \$2,465,188, with an ending balance of \$3.6 million primarily for projects related to facility improvement and technology purchases for student learning opportunities.

Kansas Statutes require the use of a multitude of funds. Many of these funds do not have sufficient resources to pay the expenditures in the fund and therefore transfers must be made from other funds. Typically these transfers are made from the General fund. The following table categorizes the funds to simplify the analysis:

DERBY UNIFIED SCHOOL DISTRICT NO. 260
Governmental Funds Revenues, Expenditures, Transfers and Fund Balances
Year ended June 30, 2014

Fund	Revenue and Other Sources	Expenditures and Other Uses	Ending Fund Balance
General	\$ 37,203,262	\$ 38,115,421	\$ 1,956,622
Bilingual education	1,346,743	1,109,861	236,882
Special education	9,547,399	9,531,813	813,443
Vocational education	1,170,907	1,124,661	106,628
Textbook revolving	292,600	137,146	241,823
KPERS Special Contribution	3,966,428	3,966,428	---
At Risk education	3,988,135	3,688,135	300,000
Federal and state grants	1,143,821	1,056,552	166,503
Total basic education	<u>58,659,295</u>	<u>58,730,017</u>	<u>3,821,901</u>
Driver training	38,059	39,275	20,998
Parent education	243,448	243,448	---
Athletic and Activity	141,387	141,375	12
Total expanded education	<u>422,894</u>	<u>424,098</u>	<u>21,010</u>
Capital outlay	4,541,754	5,613,143	3,589,537
Debt service	4,509,018	4,352,038	3,497,704
Special assessments	27,681	51,055	50,826
Bond projects	3,553,008	24,952,782	42,459,297
Capital projects	---	546,404	128,164
Total capital	<u>12,631,461</u>	<u>35,515,422</u>	<u>49,725,528</u>
Recreation	<u>2,978,234</u>	<u>2,978,234</u>	<u>---</u>
Food service	<u>2,965,759</u>	<u>2,969,999</u>	<u>749,635</u>
Total	<u>\$ 77,657,643</u>	<u>\$ 100,617,770</u>	<u>\$ 54,318,074</u>

Overall, expenditures exceeded total revenue, leaving an ending fund balance of \$54.3 million. An analysis of the above table categories follows:

- ◆ Basic education expenditures exceeded revenue by \$70,722 due to changes in the district's enrollment. The General fund is subject to an expenditure limit that may be exceeded to the amount of these contributions. The limit is based upon a weighted number of students multiplied by the base state aid per pupil provided in the law. The number of students includes those who are enrolled and attending school on September 20. Additional weighting is provided for students receiving bilingual, vocational, at-risk or transportation services. Other weightings also apply, but

are not discussed here in the interest of brevity. The District has no ability to increase the resources in the general and supplemental general funds to cover inflationary increases in costs without annual changes in the statutory base aid per pupil.

Any balance remaining in the General fund is used to support the subsequent year limit. Therefore, a remaining balance in this fund should not be considered as additional resources available to the District in excess of the expenditure limits. The General fund ending fund balance represents \$2.0 million (51.2%) of the basic education fund balances of \$3.8 million.

- ◆ The expenditures for Expanded education funds exceeded revenue by \$1,204 leaving a balance of \$21,010 at June 30, 2014. The Driver Training fund represents all of this total as the District has collected more in student fees than has been used for expenditures. Fees for driver training are set by the Board of Education.

Analysis of Budget Variations

Following the funding formula for schools in the State of Kansas, the District used the General fund to account for operating expenditures. The following table summarizes the budget variances in revenues (in millions of dollars) for the fund:

	Original Budget	Final Budget	Increase/ (Decrease)	Actual Revenues	Over/(Under) Final Budget
General	\$ 36.9	\$ 36.7	(\$ 0.2)	\$ 36.7	\$ ---

The final budget decreased \$0.2 million from the original budget. The decrease was from a decrease in general state aid from what was anticipated in the originally adopted budget.

The following table summarizes the budget variances in expenditures (in millions of dollars):

	Original Budget	Final Budget	Increase/ (Decrease)	Actual Expenditures	Over/(Under) Final Budget
General	\$ 36.9	\$ 36.7	(\$ 0.2)	\$ 36.7	\$ ---

The decrease in the budgeted expenditures in the General Fund was to account for the actual decrease in general state aid from what was anticipated in the original budgeted amounts.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

By the end of 2014, the District had invested \$68.7 million in a broad range of capital assets, including school buildings, athletic facilities, computer equipment, and administrative offices. This amount represents a net increase of about \$27.5 million from the preceding year. The increase was the net result of construction projects completed and started during the year. Total depreciation expense for the year approximated \$3.6 million.

Capital Assets (Net of depreciation)

	Assets as of June 30, 2014
Land	\$ 3,826,936
Construction work in progress	21,611,750
Buildings and improvements	32,900,167
Furniture and equipment	10,317,871
	<u>\$ 68,656,724</u>

Long-term Debt

Kansas statutes limit the amount of outstanding indebtedness. The current limit is approximately \$71.6 million and the District has \$64.8 million outstanding (subject to the debt limit) at June 30, 2014. The district received approval from the State Board of Education to exceed the debt limit with the new bonds. The increase reflects the changes from the district's bond issue passed in April 2012. See the Notes to the Financial Statements for detailed information about capital assets (Note 3) and long-term debt (Note 4).

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide the District's citizens, taxpayers, customers, and investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Business Office, Unified School District No. 260, 120 E. Washington, Derby, Kansas 67037.

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

UNIFIED SCHOOL DISTRICT NO. 260, DERBY, KANSAS

STATEMENT OF NET POSITION

June 30, 2014

	Total Governmental <u>Activities</u>	Component <u>Unit</u>
Cash and investments	\$ 56,925,251	\$ 3,406,843
Receivables:		
Property taxes	842,675	-
Lease rentals	929,784	-
Other	907	2,820
Accrued interest	210,038	-
Due from other governmental units	3,413,749	-
Prepaid expenses	664,863	-
Capital assets:		
Land	3,826,936	-
Buildings and improvements	68,014,653	9,157,804
Furniture and equipment	17,729,758	2,025,690
Construction work in progress	21,611,750	-
Less accumulated depreciation	<u>(42,526,373)</u>	<u>(3,181,342)</u>
Total assets	<u>131,643,991</u>	<u>11,411,815</u>
Liabilities:		
Accrued salaries and wages payable	1,862,202	87,714
Accounts payable	4,369,669	148,432
Accrued liabilities payable	-	12,223
Accrued interest payable	684,453	8,143
Noncurrent liabilities:		
Due within one year	5,050,471	243,862
Due in more than one year	<u>77,724,648</u>	<u>4,269,748</u>
Total liabilities	<u>89,691,443</u>	<u>4,770,122</u>
Deferred inflows of resources:		
Property taxes receivable	842,675	-
Lease rentals receivable	<u>929,784</u>	<u>-</u>
Total deferred inflows of resources	<u>1,772,459</u>	<u>-</u>
Net Position:		
Investment in capital assets, net	40,266,732	3,682,152
Restricted for debt service	3,497,704	-
Restricted for educational services	1,309,607	-
Unrestricted	<u>(4,893,954)</u>	<u>2,959,541</u>
Total net position	<u>\$ 40,180,089</u>	<u>\$ 6,641,693</u>

The accompanying notes are an integral
part of the financial statements.

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UNIFIED SCHOOL DISTRICT NO. 260, DERBY, KANSAS

STATEMENT OF ACTIVITIES

Year ended June 30, 2014

					Net (Expense) Revenue and Changes in Net Position	
					Primary Government	
					Total Governmental	Component
					Activities	Unit

The accompanying notes are an integral part of the financial statements.

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FUND FINANCIAL STATEMENTS

UNIFIED SCHOOL DISTRICT NO. 260, DERBY, KANSAS

BALANCE SHEET - ALL GOVERNMENTAL FUNDS

June 30, 2014

	<u>General</u>	<u>Special Education</u>	<u>Debt Service</u>	<u>Capital Outlay</u>	<u>Bond Project</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<u>ASSETS</u>							
Assets:							
Cash including investments	\$ 2,581,897	\$ 1,093,006	\$ 3,497,704	\$ 1,867,693	\$ 45,525,514	\$ 2,359,437	\$ 56,925,251
Due from other funds	-	-	-	1,842,766	-	-	1,842,766
Due from other governments	3,254,181	-	-	-	-	159,568	3,413,749
Due from others	-	-	-	-	-	907	907
Accrued interest receivable	-	-	-	-	210,038	-	210,038
Lease rentals receivable	-	-	-	929,784	-	-	929,784
Property taxes receivable	<u>539,670</u>	<u>-</u>	<u>114,561</u>	<u>86,552</u>	<u>-</u>	<u>101,892</u>	<u>842,675</u>
Total assets	<u>\$ 6,375,748</u>	<u>\$ 1,093,006</u>	<u>\$ 3,612,265</u>	<u>\$ 4,726,795</u>	<u>\$ 45,735,552</u>	<u>\$ 2,621,804</u>	<u>\$ 64,165,170</u>
<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</u>							
Liabilities:							
Accrued salaries and wages payable	\$ 1,247,796	\$ 267,042	\$ -	\$ -	\$ -	\$ 347,364	\$ 1,862,202
Accounts payable	868,836	12,521	-	120,922	3,276,255	91,135	4,369,669
Due to other funds	<u>1,762,824</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>79,942</u>	<u>1,842,766</u>
Total liabilities	<u>3,879,456</u>	<u>279,563</u>	<u>-</u>	<u>120,922</u>	<u>3,276,255</u>	<u>518,441</u>	<u>8,074,637</u>
Deferred inflows of resources:							
Unavailable revenue - property taxes receivable	539,670	-	114,561	86,552	-	101,892	842,675
Unavailable revenue - lease rental receivable	<u>-</u>	<u>-</u>	<u>-</u>	<u>929,784</u>	<u>-</u>	<u>-</u>	<u>929,784</u>
Total deferred inflows of resources	<u>539,670</u>	<u>-</u>	<u>114,561</u>	<u>1,016,336</u>	<u>-</u>	<u>101,892</u>	<u>1,772,459</u>
Fund balances:							
Restricted	-	20,184	3,497,704	165,763	9,096,005	1,123,660	13,903,316
Committed	1,357,772	793,259	-	3,423,774	33,363,292	877,811	39,815,908
Assigned	404,623	-	-	-	-	-	404,623
Unassigned	<u>194,227</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>194,227</u>
Total fund balances	<u>1,956,622</u>	<u>813,443</u>	<u>3,497,704</u>	<u>3,589,537</u>	<u>42,459,297</u>	<u>2,001,471</u>	<u>54,318,074</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 6,375,748</u>	<u>\$ 1,093,006</u>	<u>\$ 3,612,265</u>	<u>\$ 4,726,795</u>	<u>\$ 45,735,552</u>	<u>\$ 2,621,804</u>	<u>\$ 64,165,170</u>

The accompanying notes are an integral
part of the financial statements.

UNIFIED SCHOOL DISTRICT NO. 260, DERBY, KANSAS

**RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES
TO NET POSITION OF GOVERNMENTAL ACTIVITIES**

June 30, 2014

Total Governmental Fund Balances \$ 54,318,074

Amounts reported for governmental activities in the
statement of net position are different because:

Capital assets used in governmental activities are not
financial resources and therefore are not reported
in the funds (capital assets net of accumulated
depreciation:

Capital assets	\$ 111,183,097
Accumulated depreciation	<u>(42,526,373)</u>

Capital assets net of accumulated depreciation	68,656,724
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Other assets used in governmental activities are not
financial resources and therefore are not reported
in the funds:

Prepaid expenses	664,863
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Long-term liabilities are not due and payable in the
current period and therefore are not reported
in the funds:

Accrued interest payable	684,453
Compensated absences payable	3,191,220
Other postemployment benefits payable	565,983
Early retirement payable	5,102,410
General obligation bonds payable	64,820,000
Unamortized premium on general obligation bonds	5,652,525
Certificates of participation	835,000
Capital lease obligations payable	<u>2,607,981</u>

(83,459,572)

Net Position of Governmental Activities	<u>\$ 40,180,089</u>
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The accompanying notes are an integral
part of the financial statements.

UNIFIED SCHOOL DISTRICT NO. 260, DERBY, KANSAS

STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES

GOVERNMENTAL FUNDS

Year Ended June 30, 2014

	<u>General</u>	<u>Special Education</u>	<u>Debt Service</u>	<u>Capital Outlay</u>	<u>Bond Project</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:							
Taxes	\$15,514,457	\$ -	\$ 3,287,031	\$ 2,551,930	\$ -	\$ 3,005,915	\$ 24,359,333
Intergovernmental	19,343,107	9,532,377	1,175,050	72,045	-	13,605,606	43,728,185
Charges for services	551,751	15,022	-	-	-	1,583,616	2,150,389
Investment earnings	-	-	2,201	10,933	253,008	-	266,142
Miscellaneous	<u>789,972</u>	<u>-</u>	<u>186</u>	<u>513,047</u>	<u>-</u>	<u>108,065</u>	<u>1,411,270</u>
Total revenues	<u>36,199,287</u>	<u>9,547,399</u>	<u>4,464,468</u>	<u>3,147,955</u>	<u>253,008</u>	<u>18,303,202</u>	<u>71,915,319</u>
Expenditures:							
Current:							
Instruction	23,938,686	7,221,966	-	1,744,923	-	9,908,385	42,813,960
Student support services	1,749,154	1,636,520	-	1,712	-	538,137	3,925,523
Instructional support services	1,860,142	13,995	-	9,898	-	257,372	2,141,407
General administration	863,724	194,547	-	1,664	-	62,819	1,122,754
School administration	2,655,075	-	-	33,167	-	258,818	2,947,060
Operation and maintenance of plant	5,078,012	1	-	436,569	-	270,251	5,784,833
Central support services	798,969	-	-	331,150	-	48,520	1,178,639
Student transportation services	837,573	464,784	-	19,137	-	99,501	1,420,995
Food service operation	-	-	-	-	-	3,033,077	3,033,077
Community service operations	127,268	-	-	-	-	-	127,268
Recreation	-	-	-	-	-	2,978,234	2,978,234
Capital Outlay:							
Facilities acquisition and construction	-	-	-	1,854,089	24,952,782	597,459	27,404,330
Debt service:							
Principal	206,818	-	1,655,000	1,108,381	-	-	2,970,199
Interest and other charges	<u>-</u>	<u>-</u>	<u>2,697,038</u>	<u>72,453</u>	<u>-</u>	<u>-</u>	<u>2,769,491</u>
Total expenditures	<u>38,115,421</u>	<u>9,531,813</u>	<u>4,352,038</u>	<u>5,613,143</u>	<u>24,952,782</u>	<u>18,052,573</u>	<u>100,617,770</u>
Revenues over (under) expenditures	<u>(1,916,134)</u>	<u>15,586</u>	<u>112,430</u>	<u>(2,465,188)</u>	<u>(24,699,774)</u>	<u>250,629</u>	<u>(28,702,451)</u>
Other financing sources (uses):							
Issuance of debt – general obligation bonds	-	-	-	-	3,300,000	-	3,300,000
Premium on the issuance general obligation bonds	-	-	44,550	-	-	-	44,550
Issuance of debt – capital lease obligation	<u>1,003,975</u>	<u>-</u>	<u>-</u>	<u>1,393,799</u>	<u>-</u>	<u>-</u>	<u>2,397,774</u>
Total other financing sources (uses)	<u>1,003,975</u>	<u>-</u>	<u>44,550</u>	<u>1,393,799</u>	<u>3,300,000</u>	<u>-</u>	<u>5,742,324</u>
Net change in fund balances	(912,159)	15,586	156,980	(1,071,389)	(21,399,774)	250,629	(22,960,127)
Fund balances, beginning of year	<u>2,868,781</u>	<u>797,857</u>	<u>3,340,724</u>	<u>4,660,926</u>	<u>63,859,071</u>	<u>1,750,842</u>	<u>77,278,201</u>
Fund balances, end of year	<u>\$ 1,956,622</u>	<u>\$ 813,443</u>	<u>\$ 3,497,704</u>	<u>\$ 3,589,537</u>	<u>\$ 42,459,297</u>	<u>\$ 2,001,471</u>	<u>\$ 54,318,074</u>

The accompanying notes are an integral
part of the financial statements.

UNIFIED SCHOOL DISTRICT NO. 260, DERBY, KANSAS

**RECONCILIATION OF GOVERNMENTAL FUNDS STATEMENT OF
REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCES TO THE STATEMENT OF ACTIVITIES**

Year Ended June 30, 2014

Net Change in Fund Balances – Total Governmental Funds \$ (22,960,127)

Amounts reported for governmental activities in the
statement of activities are different because:

Governmental funds report capital outlays as expenditures.
However, in the statement of activities, the cost of those
assets is allocated over their estimated useful lives as
depreciation expense. In the current period, these
amounts are:

Capital outlay	\$ 31,071,720
Depreciation	<u>(3,558,660)</u>

Excess of capital outlays over depreciation	27,513,060
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In the statement of activities, interest is accrued on outstanding debt, whereas in governmental funds, an interest expenditure is reported when due	11,880
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In the statement of activities, prepaid expenses are recognized as an asset, whereas in the governmental funds an expenditure is reported when paid	44,894
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In the statement of activities, gain or loss on the disposition of capital assets is reported by functional expense, whereas in the governmental funds only the net proceeds are reported	(19,995)
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In the statement of activities the issuance of debt is reported as a
liability whereas, in the governmental funds statements the
issuance of debt is reported as an other financing source
for:

General obligation bonds	(3,300,000)
Capital lease obligations	(2,397,774)
Premium on sale of general obligation bonds	<u>(44,550)</u>

Total debt issuance items	(5,742,324)
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Repayment of debt principal is an expenditure in the
governmental funds, but the repayment reduces long-term
liabilities in the statement of net position:

General obligation bond payment	1,655,000
Certificates of participation	145,000
Capital lease payment	<u>1,170,199</u>

Total payments on long-term liabilities	2,970,199
---	-----------

Some expenses reported in the statement of activities do
not require the use of current financial resources and
therefore are not reported as expenditures in the funds:

Early retirement payable	(119,096)
Compensated absences payable	(303,428)
Other postemployment benefits payable	(188,661)
Amortization of premium on general obligation bonds	<u>461,040</u>

Total other expenses	<u>(150,145)</u>
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Change in Net Position of Governmental Activities	<u>\$ 1,667,442</u>
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The accompanying notes are an integral
part of the financial statements.

UNIFIED SCHOOL DISTRICT NO. 260, DERBY, KANSAS

GENERAL FUND

**STATEMENT OF REVENUE, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL – BUDGETARY BASIS**

Year ended June 30, 2014

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance With Final Budget Positive (Negative)
Revenue:				
Taxes	\$ 7,322,214	\$ 7,322,214	\$ 7,308,105	\$ (14,109)
Intergovernmental	<u>29,577,469</u>	<u>29,448,130</u>	<u>29,462,239</u>	<u>14,109</u>
Total revenue	<u>36,899,683</u>	<u>36,770,344</u>	<u>36,770,344</u>	<u>—</u>
Expenditures and encumbrances:				
Instruction	20,035,060	19,905,721	19,038,902	866,819
Instructional support services	—	—	27,786	(27,786)
General administration	631,764	631,764	635,922	(4,158)
School administration	2,657,874	2,657,874	2,598,325	59,549
Operation/maintenance of plant	306,013	306,013	321,882	(15,869)
Central support services	649,839	649,839	626,502	23,337
Student transportation services	807,634	807,634	829,002	(21,368)
Community service operations	127,363	127,363	127,268	95
Transfers out	<u>11,684,136</u>	<u>11,684,136</u>	<u>12,564,755</u>	<u>(880,619)</u>
Total expenditures and encumbrances	<u>36,899,683</u>	<u>36,770,344</u>	<u>36,770,344</u>	<u>—</u>
Revenue over expenditures and encumbrances	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Fund balance, beginning of year	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Fund balance, end of year	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>

The accompanying notes are an integral
part of the financial statements.

UNIFIED SCHOOL DISTRICT NO. 260, DERBY, KANSAS

SPECIAL EDUCATION FUND

**STATEMENT OF REVENUE, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL – BUDGETARY BASIS**

Year ended June 30, 2014

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance With Final Budget Positive (Negative)
Revenue and other financing sources:				
Intergovernmental	\$ 1,554,525	\$ 1,554,525	\$ 1,662,611	\$ 108,086
Charges for services	35,000	35,000	15,022	(19,978)
Transfers from other funds	<u>7,679,094</u>	<u>7,679,094</u>	<u>7,869,766</u>	<u>190,672</u>
 Total revenue and other financing sources	 <u>9,268,619</u>	 <u>9,268,619</u>	 <u>9,547,399</u>	 <u>278,780</u>
Expenditures and encumbrances:				
Instruction	7,565,437	7,565,437	7,221,967	343,470
Instructional support staff	5,000	5,000	13,995	(8,995)
Student support services	1,800,200	1,800,200	1,636,520	163,680
General administration	176,675	176,675	194,547	(17,872)
Transportation services	<u>464,652</u>	<u>464,652</u>	<u>464,784</u>	<u>(132)</u>
 Total expenditures and encumbrances	 <u>10,011,964</u>	 <u>10,011,964</u>	 <u>9,531,813</u>	 <u>480,151</u>
Revenue and other financing sources over (under) expenditures and encumbrances	(743,345)	(743,345)	15,586	758,931
Fund balance, beginning of year	<u>743,345</u>	<u>743,345</u>	<u>797,857</u>	<u>54,512</u>
 Fund balance, end of year	 <u>\$ —</u>	 <u>\$ —</u>	 <u>\$ 813,443</u>	 <u>\$ 813,443</u>

The accompanying notes are an integral
part of the financial statements.

UNIFIED SCHOOL DISTRICT NO. 260, DERBY, KANSAS

STATEMENT OF FIDUCIARY NET POSITION – ALL AGENCY FUNDS

June 30, 2014

	<u>Agency Funds</u>
 <u>ASSETS</u>	
Cash including investments	\$ 784,803
Due from other governments	3,173
Due from other funds	<u>3,173</u>
 Total assets	 <u><u>\$ 791,149</u></u>
 <u>LIABILITIES</u>	
Liabilities:	
Payroll withholdings and taxes payable	\$ 426,278
Due to student organizations	361,698
Due to other funds	<u>3,173</u>
 Total liabilities	 <u><u>\$ 791,149</u></u>

The accompanying notes are an integral
part of the financial statements.

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NOTES TO FINANCIAL STATEMENTS

UNIFIED SCHOOL DISTRICT NO. 260, DERBY, KANSAS

NOTES TO FINANCIAL STATEMENTS

June 30, 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting entity

Derby Unified School District No. 260 (District) is a Kansas school district governed by an elected seven-member board. As required by generally accepted accounting principles, these financial statements present Derby Unified School District No. 260 (the primary government) and its component unit. The component unit discussed in the following paragraphs is included in the District's reporting entity because the primary government is considered financially accountable for it.

The component unit columns in the government-wide financial statements (see note below for description) include the financial data of the District's component unit. It is reported in a separate column to emphasize that it is legally separate from the District and to differentiate its financial position and results of operations from that of the primary government. The District's component unit is accounted for using the same principles as the governmental fund types of the District.

The Derby Recreation Commission was established pursuant to Kansas Statutes to operate a system of public recreation in Derby, Kansas. The District appoints two of the five members of the Board of Commissioners of the Derby Recreation Commission. The Derby Recreation Commission taxes are levied under the taxing authority of the District. These taxes are accounted for in the Recreation and Recreation - Employee Benefits special revenue funds of the District. The Derby Recreation Commission may not acquire real property or issue debt without the approval of the District. Any lease entered into by the Derby Recreation Commission may be subject to approval of the District. The Derby Recreation Commission is included in the financial statements of the District as a discretely presented component unit. Complete financial statements for the Derby Recreation Commission may be obtained at the Derby Recreation Commission, 801 East Market, Derby, Kansas 67037.

Basis of presentation

The financial statements of the District have been prepared in conformity with generally accepted accounting principles as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The District's basic financial statements include both government-wide, including a statement of net position and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

Government-wide financial statements

The statement of net position and the statement of activities display information about the District as a whole. The statement of net position presents the financial condition of the governmental activities of the District at year-end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the District's governmental activities. Direct expenses are those that are specifically associated with a service, program or department and therefore are clearly identifiable to a particular function. Program revenues include (1) charges paid by the recipient for goods or services or privileges provided by a given function or activity and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Taxes and other items not properly included among program revenues are reported instead as general revenues. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the District.

Fund financial statements

During the year, the District segregates transactions related to certain functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the District at a more detailed level. The focus of governmental fund financial statements is on major funds. Each major fund is reported in a separate column. Nonmajor funds are aggregated and presented in a single column in the fund financial statements.

The District's fiduciary funds are presented in the fund financial statements by type. Since by definition these assets are being held for the benefit of a third party (other local governments, individuals, etc.) and cannot be used to address activities or obligations of the District, these funds are not incorporated into the government-wide statements.

Measurement focus and basis of accounting

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider are met.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers property tax revenues to be available in the period for which levied and other revenues if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, charges for services and interest associated with the current fiscal period are considered susceptible to accrual and so have been recognized as revenues of the current period. Entitlements and shared revenues are recorded at the time of receipt or earlier if the susceptible to accrual criteria are met. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met.

Agency funds are custodial in nature and do not measure results of operations or have a measurement focus. Agency funds do, however, use the accrual basis of accounting.

The District reports the following major governmental funds:

General Fund – used to account for all financial transactions not properly accounted for in another fund. It receives a greater variety and number of taxes and other general revenues than any other fund and these resources also finance a wider range of activities than any other fund. Under the provisions of Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, the following funds are combined to present the General Fund operations:

General Fund – the District’s primary operating fund.

Supplemental General Fund – used to account for revenue received and expenditures incurred related to the District’s Local Option Budget (LOB). Moneys available under the LOB may be used for any purpose for which expenditures from the General Fund are authorized.

Professional Development Fund – used to account for revenue received and expenditures incurred for teacher inservice training programs.

Summer School Fund – used to account for summer school fees collected and expenditures associated with summer school programs.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Contingency Reserve Fund – used to account for moneys transferred from the General Fund, in accordance with Kansas statutes, and to provide resources for unforeseen and unplanned needs of the District.

Latchkey Program Fund – used to account for revenue and expenditures for childcare programs maintained by the District.

Special Education Fund – used to account for revenue and expenditures incurred in conjunction with the state supported supplemental education needs of selected students. Major resources include Federal and State Aid provided through the Kansas Department of Education.

Debt Service Fund – used to account for the payment of principal and interest on the District's general obligation bonds.

Capital Outlay Fund – used to account for tax revenues and other sources which are primarily utilized for the acquisition, construction, reconstruction, repair, remodeling, additions to, furnishing and equipping of District buildings.

Bond Project Fund – used to account for the proceeds of the general obligation bonds issued July 1, 2012 in the principal amount of \$60,155,000 that was approved by the voters in the District on April 3, 2012. The proceeds of the bonds will be used to (a) construct, equip and furnish a new grade 6-8 middle school; (b) construct, equip and furnish an addition to the existing middle school and make renovations and improvements to the existing facility; (c) construct, equip and furnish a new Central Kitchen facility; (d) replace roofing on existing District buildings; (e) construct improvements to certain District elementary schools to provide enhanced safety and security, improve support spaces, provide larger and more functional classrooms, and provide storm shelter areas; (f) construct, equip and furnish additions to the existing high school building to provide additional and improved space for music/orchestra education, improve locker room facilities, expand the existing lobby area, and expand and remodel food service areas; (g) demolish both the existing 6th Grade Center building and the existing Central Kitchen facility; and (h) make all other necessary improvements appurtenant thereto.

The other governmental funds of the District account for grants and other resources whose use is restricted to a particular purpose.

In addition, the District reports agency funds to account for assets held in a trustee capacity or as an agent for individuals, private organizations and/or other funds. Agency funds include payroll withholding, sales tax collections and student activity monies at the various schools.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Cash and investments

The District pools all funds for the purpose of increasing income through investment activities except for the Bond Project Fund. Investments are reported at fair value, which are determined using market quotations for such securities. Short-term investments are reported at cost, which approximates fair value. Cash deposits are reported at a carrying amount, which reasonably estimates fair value. Applicable State statutes allow the recording of investment income to certain funds of the District and, accordingly, investment earnings have been credited to the Food Service and Capital Outlay funds. Investment and deposit earnings related to the bond financing in the Bond Project Fund are recorded to that fund. Additional cash and investment disclosures are presented at Note 2.

Inventories

Inventories are considered to be immaterial and are not recorded.

Property taxes and other receivables

Property taxes are recognized in the period for which the taxes are levied, that is when the use of the property taxes is permitted. Property taxes are assessed on a calendar year basis, become a lien and are levied on the property on November 1 of each year. The County Treasurer is the tax collection agent for all taxing entities within the County. Property owners have the option of paying one-half or the full amount of the taxes levied on or before December 20 during the year levied with the balance to be paid on or before May 10 of the ensuing year. State statutes prohibit the County Treasurer from distributing taxes collected in the year levied prior to January 1 of the ensuing year. At June 30 such taxes are a lien on the property and are recorded as taxes receivable, net of anticipated delinquencies, with a corresponding amount recorded as deferred revenue on the statement of net assets and the governmental fund financial statements for the appropriate funds. It is not practicable to apportion delinquent taxes held by the County Treasurer at the end of the year and, further, the amounts thereof are not material in relationship to the financial statements taken as a whole. As of June 30, 2014 the County Treasurer has distributed to the District approximately 96% of the 2014 taxes levied. The remaining taxes from this levy plus a portion of the 2014 taxes levied will be used to finance the fiscal year ending June 30, 2015.

Interfund receivables and payables

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. Short-term interfund loans are classified as "due to/from other funds." All short-term interfund receivables and payables at year-end will be eliminated in the subsequent year. As a general rule the effect of all other interfund activity has been eliminated from the government-wide financial statements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Capital assets

Capital assets, which include property, plant, equipment, infrastructure assets and construction work in progress, are reported in the governmental activities column in the government-wide financial statements. Capital assets of the District are defined as assets with an initial individual cost of more than \$5,000, except for musical instruments and assets funded by federal grant programs, and a useful life of more than one year. District capital assets are recorded at historical cost, or estimated historical cost if actual historical cost is not available. Donated capital assets are valued at their estimated fair value on the date donated. The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as the projects are completed and placed into operation.

Property, plant and equipment of the District is depreciated using the straight line method over the following estimated useful lives:

<u>Asset</u>	<u>Years</u>
Buildings	30
Improvements	15
Machinery and equipment	3-15

Assets acquired with funds received through federal grants, must be used in accordance with the terms of the grant. Federal regulations require, in some instances, the District to reimburse the federal government for any assets that the District retains for its own use after the termination of the grant unless otherwise provided for by the grantor.

Compensated absences

All permanent full-time and part-time employees are eligible for vacation and/or sick leave benefits in varying annual amounts. Vacation benefits accrue as payable at a rate from .42 days to 1.67 days per month depending on length of continuous full-time employment. Sick leave days accumulate as payable at a rate of 1.33 days per month to a maximum of 180 days. Sick leave accumulated beyond 180 days is payable annually at three-fourths the daily rate.

The entire compensated absences liability is reported on the government-wide financial statements. The liability is based on current salary costs and the vested portion of accumulated benefits.

On the governmental fund financial statements, compensated absences are recognized as a liability and expenditure to the extent that they are due for payment during the current year. The most significant portion of the compensated absence liability is liquidated from the General and Supplemental General Funds.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Early retirement

The District maintains a policy of paying early retirement salary to certain former employees, who qualify, for a period not to exceed ten years subsequent to their early retirement date. Early retirement is defined under the program as retirement in or after the school year in which the employee reaches the age of 55, but before the school year the employee reaches the age of 65. To qualify for early retirement, employees have to be at least 55 years of age within the next school year and have a minimum of ten years employment with the District and the Kansas Public Employer's Retirement System (KPERs). Retirement pay is computed based on predetermined factors applied to the employees highest salary of their last four years of employment and is paid either on a monthly basis or as a lump sum payment at the end of the fiscal year. The computations do not include life expectancy or any other actuarial factors. An employee taking early retirement has no claim to re-employment in the District once retirement goes into effect. All early retirement benefits terminate upon the death of the participant. The early retirement obligations were liquidated from the District's Supplemental General Fund during the fiscal year ended June 30, 2014 and the cost of the termination benefits for the year ended June 30, 2014 was \$1,512,080. At June 30, 2014, there were 168 former employees receiving early retirement plan benefits. The termination benefits are measured at the discounted present value of expected future benefit payments. The discount rate applied in the determination of the early retirement benefit liability at June 30, 2014 was 2.60%, the average interest rate on the most recent debt issued by the District.

Accrued liabilities and long-term obligations

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements. In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of the funds. However, claims and judgments, compensated absences and capital lease obligations that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current year.

Risk management

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District carries commercial insurance for all risks of loss. Settled claims resulting from these risks have not materially exceeded commercial insurance coverage in any of the past three years.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

Deferred inflows/deferred outflows of resources

Effective July 1, 2012, the District implemented the provisions of GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources and Net Position* and GASB Statement No. 65, *Items Previously Reported As Assets and Liabilities*. GASB Statement No. 63 provides guidance for reporting deferred outflows and deferred inflows of resources and GASB Statement No. 65 provides additional guidance on reclassifying, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities. A deferred outflow of resources is the consumption of net position that is applicable to a future reporting period. A deferred inflow of resources is defined as an acquisition of net position applicable to a future reporting period. The District did not identify any financial statement balances that met the definition of a deferred outflow of resources. The District identified two items that met the definition of a deferred inflow of resources. These items include property taxes receivable and lease rentals receivable and these items are classified as deferred inflows of resources. Additionally, the term “net assets” was replaced with the term “net position”.

Net position flow assumption

The government will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted–net position and unrestricted – net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the District’s policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

In the government-wide financial statements, equity is reflected as net position and classified into three components:

- Investment in capital assets, net – consisting of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, leases, or other borrowings that are attributable to the acquisitions, construction or improvements of those assets.
- Restricted – consisting of net position items with constraints placed on their use either by (1) external groups such as creditors, grantors, contributors, or laws or

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

regulations of other governments; or (2) law through constitutional provisions or enabling legislation.

- Unrestricted net position – all other net position items that do not meet the definition of “restricted” or “investment in capital assets, net”.

Fund balance policies

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The government itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

Committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the government’s highest level of decision-making authority. The Board of Education is the highest level of decision-making authority for the District that can, by adoption of a resolution prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the resolution remains in place until a similar action is taken (the adoption of another resolution) to remove or revise the limitation.

In the governmental funds financial statements, equity is classified into potentially five components:

Restricted – constraints placed on the use of resources are either (a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

Committed – amounts that can only be used for specific purposes pursuant to constraints approved by formal action of the government’s highest level of decision-making authority (the Board of Education). Those committed amounts cannot be used for any other purpose unless the government removes or changes the specified use by taking the same type of action it employed to previously commit those amounts. The Board of Education can, by adoption of a resolution prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the resolution remains in place until a similar action is taken (the adoption of another resolution) to remove or revise the limitation.

Assigned – amounts that are constrained by the government’s intent to be used for specific purposes, but are neither restricted nor committed. Intent is expressed by (a) the governing body itself, or (b) a body (such as a budget or finance committee) or official (Superintendent) to which the governing body has delegated the authority to assign amounts to be used for specific purposes. The Board of Education has by resolution authorized the Director of Budget and Finance/Treasurer to assign fund

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

balance. The Board of Education may also assign fund balance as it does when appropriating a fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. An additional action does not normally have to be taken for the removal of an assignment.

Unassigned – the amount that is the residual after amounts have been restricted, committed or assigned to specific purposes. The General Fund shall be the only fund to report positive unassigned fund balance. All other governmental funds may report negative unassigned fund balance.

When an expenditure is incurred for purposes for which committed, assigned or unassigned fund balance is available, the following is the order in which resources will be expended: committed, assigned and unassigned.

Budgets and budgetary comparisons

Applicable Kansas statutes require that budgets be legally adopted for all governmental fund types on a 12-month basis, unless exempted by a specific statute. Specific funds exempted from legally adopted budgetary requirements include: Contingency Reserve, Latchkey Program, Textbook Revolving, Athletic and Activity, Special Grants, Kansas Beef Council Grant, Title II A, Title I, English Language Learners Title III, Kansas Coordinated School Health Grant, Project Lead The Way, Alcohol and Drug Prevention Grant – City of Derby, Derby Education Foundation/Boeing/Derby Community Foundation Grant, Bond Project and Grace Med Construction HRSA Grant funds.

The Capital Outlay Fund, included as a capital project fund type, is a budgeted fund and its appropriations lapse at the end of the year.

All agency funds are exempted from legally adopted budgetary requirements.

State statutes provide for the following sequence and timetable in the adoption of the legal annual operating budget:

1. Preparation of the budget for the succeeding calendar year on or before August 1st.
2. Publication in local newspaper of the proposed budget and notice of public hearing on the budget on or before August 5th.
3. Public hearing on or before August 15th, but at least ten days after publication of notice of hearing.
4. Adoption of the final budget on or before August 25th.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

All budgets are prepared utilizing the modified accrual basis, modified further by the encumbrance method of accounting. Revenues are recognized when cash is received. Expenditures include disbursements, accounts payable and encumbrances (that is, commitments, such as purchase orders and contracts). Encumbrances are reported as expenditures in the current year's budgetary presentation and as committed fund balances in the governmental fund financial statements. Accordingly, the actual expenditure data presented in the budgetary comparison statements differ from the data presented in the governmental fund financial statements prepared in conformity with accounting principles generally accepted in the United States of America (GAAP).

Kansas statutes permit transferring budgeted amounts from one object or purpose to another within the same fund; however, such statutes prohibit creating expenditures in excess of the total amount of the adopted budget of expenditures of individual funds. All unencumbered appropriations lapse at the end of the year. Management may amend the amount of a specific object or purpose appropriation without obtaining authorization from the Board of Education provided the amendments or transfers do not create a total budgeted expenditure amount for a specific fund in excess of that amount adopted by the Board of Education. The statutes allow for the Board of Education to increase the originally adopted budget for previously unbudgeted increases in revenue, other than ad valorem property taxes. This process requires a notice of public hearing to amend the budget to be published in the local newspaper. At least ten days after publication the hearing may be held and the Board of Education may amend the budget at that time. During the year ended June 30, 2014, the following individual fund budgets were amended, or adjusted to the legal maximum budget:

<u>Fund</u>	<u>Original budget</u>	<u>Amended budget</u>
General	\$ 36,899,683	\$ 36,770,344

The General Fund and Supplemental General Fund original and/or amended budgets represent the legal maximum budgets for each fund as determined by the Kansas Department of Education.

In preparing a 12-month budget, the remaining taxes from the levy of the preceding calendar year are recognized as assets. All revenues and expenditures are estimated on a 12-month basis. The tax levy required to finance the budget is on a calendar year basis.

As discussed above, the actual data presented in the budgetary comparison statements differ from the data presented in the financial statements prepared in conformity with (GAAP). The following reconciliation is presented to provide a correlation between the "GAAP" basis of reporting and the budgetary basis of reporting:

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

	General Fund	Special Education Fund	Debt Service Fund	Capital Outlay Fund	Other Nonmajor and Nonbudgeted Governmental Funds	Total Governmental Funds
GAAP Fund Balance June 30, 2014	\$ 1,956,622	\$ 813,443	\$ 3,497,704	\$ 3,589,537	\$ 44,460,768	\$54,318,074
Adjustments:						
Reserved for encumbrances	-	-	-	(165,767)	(33,507,007)	(33,672,774)
Fund balance for individual funds combined for General Fund GAAP reporting purposes for:						
Supplement General Fund	(404,623)	-	-	-	404,623	-
Summer School Fund	(28,178)	-	-	-	28,178	-
Contingency Reserve Fund	(1,357,772)	-	-	-	1,357,772	-
Latchkey Program Fund	(166,049)	-	-	-	166,049	-
Unreserved fund balances not subject to the Kansas budget law	-	-	-	-	(9,504,343)	(9,504,343)
Budgetary Fund Balance June 30, 2014	<u>\$ -</u>	<u>\$ 813,443</u>	<u>\$ 3,497,704</u>	<u>\$ 3,423,770</u>	<u>\$ 3,406,040</u>	<u>\$11,140,957</u>

2. DEPOSITS AND INVESTMENTS

At June 30, 2014, the District has the following investments and maturities:

<u>Investment Type</u>	<u>Carrying Amount/ Fair Value</u>	<u>Cost</u>	<u>Weighted Average Months to Maturity</u>	<u>Rating</u>
U.S. Government agency securities and mortgage- backed securities	\$ 35,307,643	\$ 36,269,828	.32	S&P AA+
U.S. Government agency securities and mortgage- backed securities (overnight sweep account investments)	<u>7,163,782</u>	<u>7,163,782</u>	16.22	S&P AA+
Totals	<u>\$ 42,471,425</u>	<u>\$ 43,433,610</u>		

The U.S. Government agency securities and mortgage-backed securities related to the bond project have staggered maturities which correspond with the estimated cash flow requirements for the bond project. These securities are reported at their fair value as determined by national security markets. The adjustment to fair value of \$962,185 is reflected in investment earnings. The calculation of realized and unrealized gains and losses is independent of the calculation of the change in fair value of investments and there are no realized gains and losses of the current period that include unrealized amounts from

2. DEPOSITS AND INVESTMENTS (continued)

prior periods. The overnight U.S. Government agency securities and mortgage-backed securities are carried at cost, which approximates their market values due to the short-termed duration of these investments.

Kansas Statutes Annotated (K.S.A.) 9-1401 establishes the depositories that may be used by the District. The statute requires banks eligible to hold the District's funds have a main or branch bank in the county in which the District is located, or in an adjoining county if such institution has been designated as an official depository, and the banks provide an acceptable rate of return on funds. In addition, K.S.A. 9-1402 requires the banks to pledge securities for deposits in excess of Federal Depository Insurance Corporation (FDIC) coverage. The District has no other policies that would further limit interest rate risk.

K.S.A. 12-1675 limits the District's investment of idle funds to time deposits, open accounts, and certificates of deposit with allowable financial institutions; U.S. government securities; temporary notes; no-fund warrants; repurchase agreements; and the Kansas Municipal Investment Pool. The District has no investment policy that would further limit its investment choices.

Concentration of credit risk

State statutes place no limit on the amount the District may invest in any one issuer as long as the investments are adequately secured under K.S.A. 9-1402 and 9-1405. The investments held by the District are related to the bond project and are authorized by the authorizing bond resolution. These investments are not subject to collateralization. The District's allocation of investments at June 30, 2014, is as follows:

<u>Investment</u>	<u>Percentage of Investments</u>
U.S. Government agency securities and Mortgage-backed securities	100%

Custodial credit risk – deposits

Custodial credit risk is the risk that in the event of bank failure, the District's deposits may not be returned to it. State statutes require the District's deposits in financial institutions to be entirely covered by federal depository insurance or by collateral held under a joint custody receipt issued by a bank within the State of Kansas, the Federal Reserve Bank of Kansas City, or the Federal Home Loan Bank of Topeka.

At year-end, the carrying amount of the District's deposits was \$15,238,629 with the bank balances of such accounts being \$16,416,157. Of the bank balances, \$835,161 was covered by federal depository insurance and the remaining balance of \$15,580,996 was covered by collateral held by the District's custodial banks in joint custody in the name of the District

2. DEPOSITS AND INVESTMENTS (continued)

and its banks. The fair value of those pledged securities held by the District's custodial banks was \$20,070,357 at June 30, 2014.

The District's component unit cash and investments at June 30, 2014 consisted of cash on hand, money market checking accounts and certificates of deposit. At year-end, the carrying amount of the District's component unit deposits was \$3,399,588 with the bank balances of such accounts being \$3,497,453. Of the bank balances, \$560,412 was covered by federal depository insurance and the remaining balance of \$2,937,041 was covered by pledged collateral held at its custodial banks in joint custody in the name of the Commission and its banks with a fair value of \$3,702,302 at June 30, 2014.

Custodial credit risk – investments

For an investment, this is the risk that, in the event of failure of the issuer or counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. State statutes require investments to be adequately secured.

A reconciliation of cash and investments as reported in the financial statements at June 30, 2014 is as follows:

Cash on hand – component unit	\$ 7,255
Carrying amount of deposits – primary government	15,238,629
Carrying amount of deposits – component unit	3,399,588
Carrying amount of investments – primary government	<u>42,471,425</u>
Total	<u>\$ 61,116,897</u>
Amounts per statements of net position:	
Cash and investments – primary government	\$ 56,925,251
Cash and investments – component unit	3,406,843
Cash and investments held in fiduciary funds	<u>784,803</u>
Total	<u>\$ 61,116,897</u>

3. CAPITAL ASSETS

A summary of changes in capital assets of the District for the year ended June 30, 2014 is as follows:

3. CAPITAL ASSETS (continued)

	<u>Balance at July 1, 2013</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at June 30, 2014</u>
<u>Governmental Activities:</u>				
Capital assets not being depreciated:				
Land	\$ 3,826,936	\$ —	\$ —	\$ 3,826,936
Construction work In process	<u>2,978,963</u>	<u>21,611,750</u>	<u>2,978,963</u>	<u>21,611,750</u>
Total capital assets not being depreciated	<u>6,805,899</u>	<u>21,611,750</u>	<u>2,978,963</u>	<u>25,438,686</u>
Capital assets being depreciated:				
Buildings and improvements	59,078,759	8,944,034	8,140	68,014,653
Furniture and equipment	<u>14,556,656</u>	<u>3,494,899</u>	<u>321,797</u>	<u>17,729,758</u>
Total capital assets being depreciated	<u>73,635,415</u>	<u>12,438,933</u>	<u>329,937</u>	<u>85,744,411</u>
Less accumulated depreciation for:				
Buildings and improvements	33,675,985	1,446,641	8,140	35,114,486
Furniture and equipment	<u>5,601,670</u>	<u>2,112,019</u>	<u>301,802</u>	<u>7,411,887</u>
Total accumulated depreciation	<u>39,277,655</u>	<u>3,558,660</u>	<u>309,942</u>	<u>42,526,373</u>
Total capital assets being depreciated, net	<u>34,357,760</u>	<u>8,880,273</u>	<u>19,995</u>	<u>43,218,038</u>
Governmental activities capital assets, net	<u>\$ 41,163,659</u>	<u>\$ 30,492,023</u>	<u>\$ 2,998,958</u>	<u>\$ 68,656,724</u>

3. CAPITAL ASSETS (continued)

Depreciation expense was charged to functions/programs as follows:

Instruction	\$ 2,972,126
Student support services	10,690
Instructional support services	10,411
School administration	2,725
Operation/maintenance of plant	416,182
Central support services	10,743
Student transportation services	106,821
Food service operations	<u>28,962</u>
	<u>\$ 3,558,660</u>

The cost and accumulated amortization of computer and technology equipment under capital lease at June 30, 2014 is \$5,146,837 and \$1,156,931, respectively.

Capital asset activity for the Derby Recreation Commission (component unit) for the year ended June 30, 2014 was as follows:

	<u>Balance at July 1, 2013</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at June 30, 2014</u>
<u>Governmental Activities:</u>				
Capital assets not being depreciated:				
Construction work in progress	<u>\$ 3,387,976</u>	<u>\$ —</u>	<u>\$ 3,387,976</u>	<u>\$ —</u>
Capital assets being depreciated:				
Buildings and improvements	4,829,859	4,327,945	—	9,157,804
Machinery and equipment	1,472,532	537,216	171,606	1,838,142
Vehicles	<u>208,358</u>	<u>—</u>	<u>20,810</u>	<u>187,548</u>
Total assets being depreciated	<u>6,510,749</u>	<u>4,865,161</u>	<u>192,416</u>	<u>11,183,494</u>
Less accumulated depreciation for:				
Buildings and improvements	1,925,694	186,088	—	2,111,782
Machinery and equipment	887,971	175,094	151,126	911,939
Vehicles	<u>159,747</u>	<u>18,684</u>	<u>20,810</u>	<u>157,621</u>

3. CAPITAL ASSETS (continued)

	Balance at July 1, 2013	Additions	Deletions	Balance at June 30, 2014
Total accumulated depreciation	\$ 2,973,412	\$ 379,866	\$ 171,936	\$ 3,181,342
Total capital assets, being depreciated	<u>3,537,337</u>	<u>4,485,295</u>	<u>20,480</u>	<u>8,002,152</u>
Capital assets, net	<u>\$ 6,925,313</u>	<u>\$4,485,295</u>	<u>\$(3,408,456)</u>	<u>\$ 8,002,152</u>

4. LONG-TERM DEBT

The following is a summary of changes in long-term debt transactions of the District for the year ended June 30, 2014:

	Balance at July 1, 2013	Increase	Decrease	Balance at June 30, 2014	Amounts Due Within One Year
General obligation bonds	\$ 63,175,000	\$ 3,300,000	\$ 1,655,000	\$ 64,820,000	\$ 1,365,000
Capital lease obligations	1,380,406	2,397,774	1,170,199	2,607,981	1,050,002
Certificates of participation	980,000	—	145,000	835,000	150,000
Early retirement	4,983,314	1,631,176	1,512,080	5,102,410	1,214,315
Premium on general obligation bonds	6,069,015	44,550	461,040	5,652,525	461,040
Other postemployment benefits	377,322	188,661	—	565,983	—
Compensated absences	<u>2,887,792</u>	<u>1,036,515</u>	<u>733,087</u>	<u>3,191,220</u>	<u>810,114</u>
Total	<u>\$ 79,852,849</u>	<u>\$ 8,598,676</u>	<u>\$ 5,676,406</u>	<u>\$ 82,775,119</u>	<u>\$ 5,050,471</u>

General obligation bonds

General obligation bonds payable are serial bonds to be retired through the fiscal year ended June 30, 2033. Debt service on the general obligation bonds is recorded in the Debt Service Fund of the District. At June 30, 2014 the bonds consist of the following:

	Interest rates	Bonds outstanding
General Obligation Refunding Bonds, Series 2004, issued December 1, 2004	3.0 – 4.0%	\$ 1,365,000
General Obligation Refunding and School Improvement Bonds, Series 2012	2.0 – 5.0%	60,155,000

4. LONG-TERM DEBT (continued)

	<u>Interest rates</u>	<u>Bonds outstanding</u>
General Obligation Bonds, Series 2014, issued June 1, 2014	2.0 – 3.0%	\$ 3,300,000
		<u>\$ 64,820,000</u>

On December 1, 2004, the District entered into an advance refunding transaction whereby it issued \$7,670,000 of 3.0% to 4.0% General Obligation Refunding Bonds, Series 2004, to effect retirement of the District's obligation with respect to \$7,610,000 of General Obligation School Improvement Bonds, Series 2000, maturing in the years 2010 through 2014. The resources originally pledged to secure the Series 2000 bonds were used to pay debt service on the refunded bonds until they were called for redemption. The Series 2000 refunded bonds were called for redemption on October 1, 2009, the crossover date. At that date the pledged revenues "cross over" to pay debt service on the refunding bonds and escrowed securities were used to pay the refunded bonds. The Series 2004 bonds may not be redeemed prior to their stated maturities.

On July 1, 2012, the District issued \$61,750,000 of 2.0% to 5.0% General Obligation Refunding and School Improvement Bonds, Series 2012. \$1,595,000 principal amount of the Series 2012 bonds were issued to pay \$1,600,000 of principal due under the District's 2004 bonds due October 1, 2012. The remaining principal amount of \$60,155,000 was issued to provide permanent financing to (a) construct, equipment and furnish a new grade 6-8 middle school; (b) construct, equipment and furnish an addition to the existing middle school and make renovations and improvements to the existing facility; (c) construct, equip and furnish a new Central Kitchen facility; (d) replace roofing on existing District buildings; (e) construct improvements to certain District elementary schools to provide enhanced safety and security, improve support spaces, provide larger and more functional classrooms, and provide storm shelter areas; (f) construct, equip and furnish additions to the existing high school building to provide additional and improved space for music/orchestra education, improve locker room facilities, expand the existing lobby area, and expand and remodel food service areas; (g) demolish both the existing 6th Grade Center building and the existing Central Kitchen facility; and (h) make all other necessary improvements appurtenant thereto. The Series 2012 bonds maturing on October 1, 2023, and thereafter, are subject to redemption and payment prior to their stated maturity on October 1, 2022, and thereafter, as a whole or in part at any time at the redemption price of 100% of the principal amount plus accrued interest to the redemption date.

On June 1, 2014, the District issued \$3,300,000 of 2.0% to 3.0% General Obligation Bonds, Series 2014 to provide for the remaining costs related to the school improvements noted in the preceding paragraph. The Series 2014 bonds maturing on October 1, 2024, and thereafter, are subject to redemption and payment prior to maturity on October 1, 2023 and thereafter, as a whole or in part at any time at the redemption price of 100% of the principal amount plus accrued interest to the redemption date.

4. LONG-TERM DEBT (continued)

Annual debt service requirements for the general obligation bonds are as follows:

<u>Year ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$ 1,365,000	\$ 2,702,663	\$ 4,067,663
2016	2,125,000	2,655,217	4,780,217
2017	2,260,000	2,578,468	4,838,468
2018	2,395,000	2,492,517	4,887,517
2019	2,530,000	2,406,268	4,936,268
2020	2,675,000	2,318,442	4,993,442
2021	2,805,000	2,233,268	5,038,268
2022	2,940,000	2,129,667	5,069,667
2023	3,120,000	2,002,418	5,122,418
2024	3,305,000	1,858,427	5,163,427
2025	3,510,000	1,694,325	5,204,325
2026	3,730,000	1,519,325	5,249,325
2027	3,965,000	1,332,512	5,297,512
2028	4,210,000	1,170,269	5,380,269
2029	4,390,000	997,600	5,387,600
2030	4,660,000	776,850	5,436,850
2031	4,655,000	546,775	5,201,775
2032	4,940,000	306,900	5,246,900
2033	<u>5,240,000</u>	<u>91,700</u>	<u>5,331,700</u>
	<u>\$ 64,820,000</u>	<u>\$ 31,813,611</u>	<u>\$ 96,633,611</u>

Capital lease obligations

During 2012, the District entered into a lease agreement for the purchase of computer equipment with a vendor. The lease requires annual payments of \$274,488, including interest, through March 2015. The lease qualifies as a capital lease obligation under generally accepted accounting principles and the assets have been recorded at the present value of the net minimum lease payments at the inception of the lease (\$1,082,232). The lease payment for 2014 was financed from the Capital Outlay Fund.

During 2013, the District entered into a lease agreement of technology equipment with a vendor. The lease requires semi-annual payments of \$124,697, including interest, through January 2017. The lease qualifies as a capital lease obligation under generally accepted accounting principles and the assets have been recorded at the present value of the net minimum lease payments at the inception of the lease (\$1,193,376). The lease payment for 2014 was financed from the Capital Outlay Fund.

4. LONG-TERM DEBT (continued)

During the fiscal year ended June 30, 2014, the District entered into a lease agreement with a vendor for the purchase of notebook computers for use by students at the Derby High School. The lease requires annual payments in the amount of \$473,455, including interest, through June 2016. The lease qualifies as a capital lease obligation under generally accepted accounting principles and the assets have been recorded at the present value of the net minimum lease payments at the inception of the lease (\$1,867,254). The lease payment for 2014 was financed from the Capital Outlay Fund.

During 2014, the District also entered into a lease agreement with a financing company for the purchase of computer equipment upgrades at the Education Service Center and for data recovery site upgrades. The lease requires annual payments in the amount of \$206,818, including interest, through August 2017. The lease qualifies as a capital lease obligation under generally accepted accounting principles and the assets have been recorded at the present value of the net minimum lease payments at the inception of the lease (\$1,003,975). The lease payment for 2014 was financed from the Supplemental General Fund.

The annual requirements to amortize the capital lease obligations outstanding at June 30, 2014, including imputed interest and maintenance charges, are as follows:

<u>Year ending June 30,</u>	<u>Computer Equipment</u>	<u>Computer Equipment</u>	<u>Computer Equipment</u>	<u>Computer Equipment</u>	<u>Total</u>
2015	\$ 473,455	\$ 206,818	\$ 249,394	\$ 274,488	\$ 1,204,155
2016	473,455	206,818	249,394	-	929,667
2017	-	206,818	124,697	-	331,515
2018	-	206,818	-	-	206,818
Total minimum lease payments	946,910	827,272	623,485	274,488	2,672,155
Less amounts representing interest and maintenance charges	<u>(13,324)</u>	<u>(30,115)</u>	<u>(18,098)</u>	<u>(2,637)</u>	<u>(64,174)</u>
Present value of minimum lease payments	<u>\$ 933,586</u>	<u>\$ 797,157</u>	<u>\$ 605,387</u>	<u>\$ 271,851</u>	<u>\$ 2,607,981</u>

Certificates of Participation

Certificates of Participation dated September 1, 2008, in the amount of \$1,500,000 were issued pursuant to a lease purchase agreement between the District, as lessee, and UMB Bank, N.A. as trustee and lessor. The Series 2008 Certificates of Participation have interest rates ranging from 3.50% to 4.50%. The Certificates of Participation were issued to finance the costs of the improvements to the Oaklawn Activity Center. The District also entered into a sublease agreement with the Derby Recreation Commission for use of the facility for an initial term of ten years with an option to renew for subsequent ten-year periods. The lease payments shall be sufficient to service the Certificates of Participation

4. LONG-TERM DEBT (continued)

issued by the District related to the costs of expansion, repairs, remodeling and other related costs of the facility. The debt is being financed from the Capital Outlay Fund via the lease rentals received from the Derby Recreation Commission. The amortization of the outstanding Certificates of Participation at June 30, 2014 is as follows:

<u>Year ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$ 150,000	\$ 32,598	\$ 182,598
2016	160,000	26,317	186,317
2017	165,000	19,531	184,531
2018	175,000	12,175	187,175
2019	<u>185,000</u>	<u>4,162</u>	<u>189,162</u>
	<u>\$ 835,000</u>	<u>\$ 94,783</u>	<u>\$ 929,783</u>

Component Unit debt

The following is a summary of changes in long-term debt transactions of the Derby Recreation Commission (component unit) for the year ended June 30, 2014:

	<u>Balance at July 1, 2013</u>	<u>Increase</u>	<u>Decrease</u>	<u>Balance at June 30, 2014</u>	<u>Amounts Due Within One Year</u>
Capital lease obligations	\$ 4,500,000	\$ -	\$ 180,000	\$ 4,320,000	\$ 190,000
Compensated absences	<u>190,846</u>	<u>157,462</u>	<u>154,698</u>	<u>193,610</u>	<u>53,862</u>
Total	<u>\$ 4,690,846</u>	<u>\$ 157,462</u>	<u>\$ 334,698</u>	<u>\$ 4,513,610</u>	<u>\$ 243,862</u>

Compensated absences

Compensated absences are to be paid from various funds in the same proportion that those funds pay payroll costs. The District's projected liability for compensated absences at June 30, 2014 is \$3,191,220, which will primarily be liquated from the General Fund.

5. INTERFUND RECEIVABLES/PAYABLES

Individual fund receivable/payable balances at June 30, 2014 are as follows:

<u>Fund</u>	<u>Due To (Receivable)</u>	<u>Due From (Payable)</u>
Major Funds:		
General	\$ -	\$ 1,762,824
Capital Outlay	1,842,766	-

5. INTERFUND RECEIVABLES/PAYABLES (continued)

<u>Fund</u>	<u>Due To</u> <u>(Receivable)</u>	<u>Due From</u> <u>(Payable)</u>
Nonmajor Funds:		
Vocational Education	\$ —	\$ 597
Title I	—	78,057
English Language Learners Title III	—	1,288
Total all governmental funds	<u>1,842,766</u>	<u>1,842,766</u>
Fiduciary funds:		
Student Activity	3,173	—
Sales Tax Payable	—	3,173
Total fiduciary funds	<u>3,173</u>	<u>3,173</u>
Total all funds	<u>\$ 1,845,939</u>	<u>\$ 1,845,939</u>

The interfund receivable/payable balances are the result of commitments in the General Fund prior to year-end that are to be funded by general state aid that is due to be paid to the District during the month of June 2014. However, the District did not receive the general state aid payment until July 2014. The Vocational Education and Title I Funds had incurred unreimbursed expenditures at June 30, 2014 that were reimbursed subsequent to year-end by the grant programs. The Sales Tax Payable Fund had overpaid the District's sales tax liability at June 30, 2014 and the Student Activity Funds advanced the deficit cash balance until sales tax collections alleviated the deficit subsequent to year-end.

6. INTERFUND TRANSFERS

With the implementation of Governmental Accounting Standards Board (GASB) Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, the majority of transfers made under the statutory basis of accounting are now classified as state aid. GASB Statement No. 54 provides that "specific restricted or committed revenues may be initially received in another fund and subsequently distributed to a special revenue fund. Those amounts should not be recognized as revenue in the fund initially receiving them; however, those inflows should be recognized as revenue in the special revenue fund in which they will be expended in accordance with specified purposes." State aid is initially received in the General and Supplement General Funds and various state statutes require the District to make transfers of this State Aid to other special revenue funds.

A summary of interfund transfers by individual fund reported as State Aid in the governmental funds financial statements but as transfers in the respective budgetary financial statements and schedules are as follows:

6. INTERFUND TRANSFERS (continued)

<u>Fund</u>	<u>Statutory authority</u>	<u>Transfers In</u>	<u>Transfers Out</u>
Major Funds:			
General	72-6428	\$ -	\$ 12,564,755
Supplemental General	72-6433	-	1,953,408
Special Education	72-6428	7,869,766	-
Nonmajor Funds:			
Professional Development	72-6428	124,999	-
Summer School	72-6428	15,000	-
Parent Education Program	72-6428	112,550	-
Vocational Education	72-6428	1,060,970	-
Bilingual Education	72-6428	1,346,743	-
Four Year Old At Risk	72-6428	108,502	-
At Risk	72-6428	<u>3,879,633</u>	<u>-</u>
Total transfers		<u>\$ 14,518,163</u>	<u>\$ 14,518,163</u>

7. PENSION PLAN

Plan description

The District participates in the Kansas Public Employees Retirement System (KPERS), a cost-sharing multiple employer defined benefit pension plan as provided by K.S.A. 74-4901, et. seq. KPERS provides retirement benefits, life insurance, disability income benefits and death benefits. Kansas law establishes and amends benefit provisions. KPERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to KPERS, 611 S. Kansas Avenue, Suite 100, Topeka, Kansas 66603 or calling 1-888-275-5737.

Funding policy

K.S.A. 74-4919 establishes the KPERS member-employee contribution rate at 4% of covered salary for participants employed prior to July 1, 2009 and at 6% for new participants employed July 1, 2009 and thereafter. Member-employees' contributions are withheld by their employer and paid to KPERS according to provisions of section 414(h) of the Internal Revenue Code. The State of Kansas is required to contribute the remaining amount necessary to achieve the actuarially determined contribution rate. The State of Kansas contribution rate for the period July 1, 2013 to June 30, 2014 was 11.12% of covered payroll. Included in this rate is the contribution for Group Death and Disability Insurance of 1.0%. For the period from April 1, 2014 through June 30, 2014 there was a moratorium on the collection of the 1.0% Group Death and Disability Insurance rate. These contribution requirements are established by KPERS and are periodically revised.

7. PENSION PLAN (continued)

Kansas' contributions to KPERS for District employees for the years ending June 30, 2014, 2013 and 2012 were \$3,966,428, \$3,672,594 and \$4,212,637, respectively, approximating the statutory contributions for each year.

The District recognizes these on-behalf payments as revenues and expenditures in the KPERS Special Retirement Contribution fund.

8. OTHER POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS

Plan Description

The District sponsors a single-employer defined benefit healthcare plan administered by the District. The Employee Benefit Plan (Plan) provides healthcare benefits, including medical and dental, to retirees and their dependents. Retiree health coverage is provided for under K.S.A. 12-5040. No separate financial report is issued for the Plan. Employees who retire with at least 10 years of cumulative service with the District and commence retirement or disability benefits under the Kansas Public Employee Retirement System (KPERS) are eligible for benefits.

District retirees pay the same premiums charged to current employees for medical and dental coverage. The rates being paid by retirees for benefits are typically lower than those for individual health insurance policies. The difference between these two amounts is the implicit rate subsidy, which is considered other post employment benefits (OPEB) under Governmental Accounting Standards Board (GASB) Statement No. 45. Active and retirees pay 100% of the premium rates for dental insurance coverage so no employer implicit subsidy exists for the dental insurance coverage.

Retirees and spouses have the same benefit as active employees. Retiree coverage terminates either when the retiree becomes covered under another employer health plan, or when the retiree reaches the Medicare eligibility age, which is currently age 65. Spousal coverage is available until the retiree becomes covered under another employer health plan, attains Medicare eligibility age or dies.

Coverage is provided through a fully insured group insurance program. Four medical plan options are available and consist of a \$1,000 POS plan, \$2,000 POS plan, \$3,000 POS plan and a \$2,500 High Deductible Health Plan.

Membership in the Plan comprised the following at February 1, 2012, the date of the most recent actuarial valuation:

Active employees	519
Retirees	39
Covered spouses of retirees	6

8. OTHER POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (continued)

Funding Policy

The contributions of the plan members and the District are established and may be amended by the Board of Education. The required contribution is based on pay-as-you-go financing requirements. District retirees pay 100% of their healthcare premiums; the District is not required to share costs of retiree premiums.

Annual OPEB Cost and Net OPEB Obligation

The District's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarially determined liabilities (or funding excess) over a period not to exceed thirty years. The following tables show the components of the District's OPEB cost for 2014:

<u>Annual OPEB Cost and Obligation for 2014</u>	<u>Amount</u>
Annual required contribution (ARC)	\$ 372,120
Interest on net OPEB obligation	<u>9,541</u>
Annual OPEB cost (expense)	381,661
Contributions made	<u>(193,000)</u>
Increase in net OPEB obligation	188,661
Net OPEB obligation – beginning of year	<u>377,322</u>
 Net OPEB obligation – end of year	 <u>\$ 565,983</u>

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the most recent two fiscal years were as follows:

<u>Year Ended</u>	<u>OPEB Cost</u>	<u>% of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation (Asset)</u>
6-30-14	\$ 381,661	50.6%	\$ 565,983
6-30-13	381,661	50.6%	377,322
6-30-12	381,661	50.6%	181,661

Funded Status and Funding Progress

As of June 30, 2014, the plan was not funded. The actuarial accrued liability for benefits was \$3,472,778, and there were no actuarial assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$3,472,778. The covered payroll (annual payroll of active employees covered by the plan) was \$21,199,820, and the ratio of the UAAL to the covered payroll was 16.4%.

8. OTHER POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (continued)

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about future employment, mortality and the health care cost trend. Amounts determined regarding the funded status of the Plan and the ARC of the District are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents only the initial year trend information.

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the Plan as understood by the employer and the Plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and Plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the February 1, 2012 actuarial valuation, the project unit credit actuarial cost method was used. The actuarial assumptions included a 3.50% percent investment rate, and an annual healthcare cost trend rate of 8.5% initially, reduced to an ultimate rate of 5.25% after seven years. Both rates include a 2.5% inflation assumption. The UAAL is being amortized as a level percentage of projected payroll on an open basis over a period of 30 years.

9. OPERATING LEASES

The District leases certain postage metering equipment, duplicating and printing equipment under noncancelable operating leases. Total lease costs under these leases included in expenditures of the General, Latchkey and Parents As Teachers Funds for the year ended June 30, 2014 was \$161,886, \$938 and \$3,316, respectively. Future minimum lease payments under these noncancelable operating leases are as follows:

<u>Year ending June 30,</u>	<u>Postage Equipment</u>	<u>Duplicating and Printing Equipment</u>	<u>Total</u>
2015	\$ 5,446	\$ 95,172	\$ 100,618
2016	5,661	95,172	100,833
2017	<u>5,661</u>	<u>71,379</u>	<u>77,040</u>
	<u>\$ 16,768</u>	<u>\$ 261,723</u>	<u>\$ 278,491</u>

10. FUND BALANCE CLASSIFICATIONS

Fund balance classifications reported on the governmental funds balance sheet at June 30, 2014 were as follows:

	<u>General</u>	<u>Special Education</u>	<u>Debt Service</u>	<u>Capital Outlay</u>	<u>Bond Project</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Fund Balances:							
Restricted for:							
Debt service	\$ -	\$ -	\$ 3,497,704	\$ -	\$ -	\$ -	\$ 3,497,704
Special education	-	20,184	-	-	-	-	20,184
Capital outlay	-	-	-	165,763	9,096,005	-	9,261,768
Vocational Education	-	-	-	-	-	106,628	106,628
Driver training	-	-	-	-	-	20,998	20,998
Special							
Assessment	-	-	-	-	-	50,826	50,826
Bilingual education	-	-	-	-	-	236,882	236,882
At Risk	-	-	-	-	-	300,000	300,000
Textbook							
Revolving	-	-	-	-	-	241,823	241,823
Special grants	-	-	-	-	-	38,330	38,330
Title IIA	-	-	-	-	-	30,461	30,461
Kansas Beef							
Council grant	-	-	-	-	-	790	790
English Language Learners							
Title III	-	-	-	-	-	26,611	26,611
Kansas							
Coordinated							
School Health							
Grant	-	-	-	-	-	2,556	2,556
Project Lead							
The Way	-	-	-	-	-	14,400	14,400
Alcohol and							
Drug Preven-	-	-	-	-	-	41,771	41,771
tion Grant							
Derby Education							
Foundation/Boeing							
Derby Community							
Foundation Grant	-	-	-	-	-	11,584	11,584
Committed:							
Contingency	1,357,772	-	-	-	-	-	1,357,772
Special education	-	793,259	-	-	-	-	793,259
Capital outlay	-	-	-	3,423,774	-	-	3,423,774
Food service	-	-	-	-	-	749,635	749,635
Bond project	-	-	-	-	33,363,292	-	33,363,292
GraceMed Construction							
HRSA Grant	-	-	-	-	-	128,164	128,164
Athletic and Activity	-	-	-	-	-	12	12
Assigned:							
Supplemental							
General	404,623	-	-	-	-	-	404,623
Unassigned:							
Summer school	28,178	-	-	-	-	-	28,178
Latchkey program	166,049	-	-	-	-	-	166,049
Total Fund Balance	\$ 1,956,622	\$ 813,443	\$ 3,497,704	\$ 3,589,537	\$ 42,459,292	\$ 2,001,471	\$ 54,318,074

11. COMMITMENTS AND CONTINGENCIES

Commitments

At June 30, 2014, the District had outstanding commitments related to building and facility improvements and equipment acquisitions in the amount of \$33,363,292 from the Bond Project Fund, \$3,723,774 from the Capital Outlay Fund and \$128,164 from the GraceMed Construction HRSA Grant Fund.

Grant programs

The District participates in a number of federal and state assisted grant programs that are subject to financial and compliance audits by the grantor agencies or their designee. Accordingly, the District's compliance with applicable grant requirements and any

11. COMMITMENTS AND CONTINGENCIES (continued)

disallowed costs resulting from such audits, if any, could become a liability of the District. It is management's opinion that any such disallowed costs will not have a material affect on the financial statements of the District at June 30, 2014.

Pending or Threatened Litigation

The District is a defendant in certain claims for alleged disability discrimination. Management believes the claim to be unfounded and the resolution of this matter is not presently determinable. It is the opinion of District management that resolution of this matter will not have a materially adverse effect on the financial condition of the District.

12. SUBSEQUENT EVENTS

Subsequent to June 30, 2014, the Board of Education approved a contract for the construction of a new central kitchen in the amount of \$3,477,369.

Subsequent events have been evaluated by management through December 12, 2014, which is the date the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

UNIFIED SCHOOL DISTRICT NO. 260, DERBY, KANSAS

REQUIRED SUPPLEMENTARY INFORMATION

OTHER POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS

Schedule of Employer Contributions

<u>Year</u>	<u>Annual OPEB Costs</u>	<u>Net Employer Contributions</u>	<u>Percentage Contributed</u>	<u>End of Year OPEB Obligation</u>
2012	\$188,661	\$ -	0%	\$ 188,661
2013	188,661	-	0%	377,322
2014	188,661	-	0%	565,983

Schedule of Funding Progress

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets (a)</u>	<u>Actuarial Accrued Liability (AAL) (b)</u>	<u>Unfunded AAL (b - a)</u>	<u>Funded Ratio (a ÷ b)</u>	<u>Covered Payroll (c)</u>	<u>UAAL as a Percent of Covered Payroll ((b - a) ÷ c)</u>
2-1-12	\$ -	\$ 3,472,778	\$ 3,472,778	0.0%	\$21,199,820	16.4%

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**COMBINING FINANCIAL STATEMENTS
AND INDIVIDUAL FUND SCHEDULES**

GENERAL FUND

The General Fund is used to account for all financial transactions not properly accounted for in another fund. It receives a greater variety and number of taxes and other general revenues than any other fund and these resources also finance a wider range of activities than any other fund. Under the provisions of Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, certain funds established by statute are required to be included within the General Fund for financial reporting in accordance with generally accepted accounting principles (GAAP). Those combined funds for GAAP basis reporting are as follows:

General Fund – the fund of the District from which operating expenditures are paid and in which taxes levied, all general state aid, payments of federal funds made available under the provisions of Title I of Public Law 874 and such other moneys as provided by law are deposited.

Supplemental General Fund – used to account for revenue received and expenditures incurred related to the District's Local Option Budget (LOB). Moneys available under the LOB may be used for any purpose for which expenditures from the General Fund are authorized or may be transferred to the General Fund or any program weighted fund or categorical fund (as defined by Kansas statute) of the District.

Professional Development Fund – used to account for revenue received and expenditures incurred for teacher inservice training programs.

Summer School Fund – used to account for summer school fees collected and expenditures for summer school.

Contingency Reserve Fund – used to account for moneys transferred from the General Fund in accordance with Kansas statutes. The balance of this fund is limited to 10% of the General Fund budget of expenditures for the 2011-2012 school year and 6% for the 2012-2013 school year and thereafter.

Latchkey Program Fund – used to account for moneys received for childcare provided by the District and moneys expended for such childcare.

UNIFIED SCHOOL DISTRICT NO. 260, DERBY, KANSAS

COMBINING BALANCE SHEET - GENERAL FUND

June 30, 2014

	<u>General</u>	<u>Supplemental General</u>	<u>Professional Development</u>	<u>Summer School</u>	<u>Contingency Reserve</u>	<u>Latchkey Program</u>	<u>Total</u>
<u>ASSETS</u>							
Assets:							
Cash including investments	\$ -	\$ 321,256	\$ 5,988	\$ 29,856	\$ 2,036,696	\$ 188,101	\$ 2,581,897
Due from other governments	3,005,900	248,281	-	-	-	-	3,254,181
Property taxes receivable	<u>260,651</u>	<u>279,019</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>539,670</u>
Total assets	<u>\$ 3,266,551</u>	<u>\$ 848,556</u>	<u>\$ 5,988</u>	<u>\$ 29,856</u>	<u>\$ 2,036,696</u>	<u>\$ 188,101</u>	<u>\$ 6,375,748</u>
<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</u>							
Liabilities:							
Accrued salaries and wages payable	\$ 1,091,365	\$ 138,975	\$ 260	\$ 1,678	\$ -	\$ 15,518	\$ 1,247,796
Accounts payable	151,711	25,939	5,728	-	678,924	6,534	868,836
Due to other funds	<u>1,762,824</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,762,824</u>
Total liabilities	<u>3,005,900</u>	<u>164,914</u>	<u>5,988</u>	<u>1,678</u>	<u>678,924</u>	<u>22,052</u>	<u>3,879,456</u>
Deferred inflows of resources:							
Property taxes receivable	<u>260,651</u>	<u>279,019</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>539,670</u>
Fund balances:							
Committed	-	-	-	-	1,357,772	-	1,357,772
Assigned	-	404,623	-	-	-	-	404,623
Unassigned	<u>-</u>	<u>-</u>	<u>-</u>	<u>28,178</u>	<u>-</u>	<u>166,049</u>	<u>194,227</u>
Total fund balances	<u>-</u>	<u>404,623</u>	<u>-</u>	<u>28,178</u>	<u>1,357,772</u>	<u>166,049</u>	<u>1,956,622</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 3,266,551</u>	<u>\$ 848,556</u>	<u>\$ 5,988</u>	<u>\$ 29,856</u>	<u>\$ 2,036,696</u>	<u>\$ 188,101</u>	<u>\$ 6,375,748</u>

UNIFIED SCHOOL DISTRICT NO. 260, DERBY, KANSAS
COMBINING SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES

GENERAL FUND

Year Ended June 30, 2014

	<u>General</u>	<u>Supplemental General</u>	<u>Professional Development</u>	<u>Summer School</u>	<u>Contingency Reserve</u>	<u>Latchkey Program</u>	<u>Total</u>
Revenues:							
Taxes	\$ 7,308,105	\$ 8,206,352	\$ -	\$ -	\$ -	\$ -	\$ 15,514,457
Intergovernmental	16,897,483	2,305,625	124,999	15,000	-	-	19,343,107
Charges for services	-	-	-	14,118	-	537,633	551,751
Miscellaneous	<u>789,470</u>	<u>159</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>343</u>	<u>789,972</u>
Total revenues	<u>24,995,058</u>	<u>10,512,136</u>	<u>124,999</u>	<u>29,118</u>	<u>-</u>	<u>537,976</u>	<u>36,199,287</u>
Expenditures:							
Current:							
Instruction	19,828,372	3,422,572	-	24,054	663,688	-	23,938,686
Student support services	-	1,238,328	-	-	-	510,826	1,749,154
Instructional support services	27,786	1,707,356	125,000	-	-	-	1,860,142
General administration	635,922	148,279	-	-	79,523	-	863,724
School administration	2,598,325	56,750	-	-	-	-	2,655,075
Operation and maintenance of plant	321,882	4,754,039	-	2,091	-	-	5,078,012
Central support services	626,502	148,730	-	-	23,737	-	798,969
Student transportation services	829,001	8,572	-	-	-	-	837,573
Community service operations	127,268	-	-	-	-	-	127,268
Debt Service	<u>-</u>	<u>206,818</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>206,818</u>
Total expenditures	<u>24,995,058</u>	<u>11,691,444</u>	<u>125,000</u>	<u>26,145</u>	<u>766,948</u>	<u>510,826</u>	<u>38,115,421</u>
Revenues over (under) expenditures	-	(1,179,308)	(1)	2,973	(766,948)	27,150	(1,916,134)
Other financing sources – proceeds from capitalized lease obligation	<u>-</u>	<u>1,003,975</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,003,975</u>
Net change in fund balances	-	(175,333)	(1)	2,973	(766,948)	27,150	(912,159)
Fund balances, beginning of year	<u>-</u>	<u>579,956</u>	<u>1</u>	<u>25,205</u>	<u>2,124,720</u>	<u>138,899</u>	<u>2,868,781</u>
Fund balances, end of year	<u>\$ -</u>	<u>\$ 404,623</u>	<u>\$ -</u>	<u>\$ 28,178</u>	<u>\$ 1,357,772</u>	<u>\$ 166,049</u>	<u>\$ 1,956,622</u>

UNIFIED SCHOOL DISTRICT NO. 260, DERBY, KANSAS

SUPPLEMENTAL GENERAL FUND

**SCHEDULE OF REVENUE, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL – BUDGETARY BASIS**

Year ended June 30, 2014

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance With Final Budget Positive (Negative)
Revenue:				
Taxes	\$ 7,907,051	\$ 7,907,051	\$ 8,206,352	\$ 299,301
Intergovernmental	4,203,077	4,161,451	4,259,033	97,582
Miscellaneous	<u>—</u>	<u>—</u>	<u>159</u>	<u>159</u>
Total revenue	<u>12,110,128</u>	<u>12,068,502</u>	<u>12,465,544</u>	<u>397,042</u>
Expenditures and encumbrances:				
Instruction	2,144,332	2,102,706	2,625,415	(522,709)
Student support services	1,265,312	1,265,312	1,238,328	26,984
Instructional support services	1,489,404	1,489,404	1,644,422	(155,018)
School administration	128,795	128,795	148,279	(19,484)
General administration	52,997	52,997	56,750	(3,753)
Operation/maintenance of plant	4,883,293	4,883,293	4,754,039	129,254
Central support services	164,718	164,718	148,730	15,988
Student transportation services	7,361	7,361	8,572	(1,211)
Community service operations	1,737	1,737	—	1,737
Transfers out	<u>2,481,630</u>	<u>2,481,630</u>	<u>1,953,408</u>	<u>528,222</u>
Total expenditures and encumbrances	<u>12,619,579</u>	<u>12,577,953</u>	<u>12,577,943</u>	<u>10</u>
Revenue over (under) expenditures and encumbrances	(509,451)	(509,451)	(112,399)	397,052
Fund balance, beginning of year	<u>509,451</u>	<u>509,451</u>	<u>517,022</u>	<u>7,571</u>
Fund balance, end of year	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 404,623</u>	<u>\$ 404,623</u>

UNIFIED SCHOOL DISTRICT NO. 260, DERBY, KANSAS

PROFESSIONAL DEVELOPMENT FUND

**SCHEDULE OF REVENUE, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL – BUDGETARY BASIS**

Year ended June 30, 2014

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance With Final Budget Positive (Negative)
Revenue and other financing sources:				
Transfers from other funds	\$ 125,000	\$ 125,000	\$ 124,999	\$ (1)
Expenditures and encumbrances:				
Instructional support services	<u>125,000</u>	<u>125,000</u>	<u>125,000</u>	<u>—</u>
Revenue and other financing sources over (under) expenditures and encumbrances	<u>—</u>	<u>—</u>	<u>(1)</u>	<u>(1)</u>
Fund balance, beginning of year	<u>—</u>	<u>—</u>	<u>1</u>	<u>1</u>
Fund balance, end of year	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>

UNIFIED SCHOOL DISTRICT NO. 260, DERBY, KANSAS

SUMMER SCHOOL FUND

**SCHEDULE OF REVENUE, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL – BUDGETARY BASIS**

Year ended June 30, 2014

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance With Final Budget Positive (Negative)
Revenue and other financing sources:				
Charges for services	\$ 22,229	\$ 22,229	\$ 14,117	\$ (8,112)
Transfers from other funds	<u>—</u>	<u>—</u>	<u>15,000</u>	<u>15,000</u>
Total revenues and other financing sources	<u>22,229</u>	<u>22,229</u>	<u>29,117</u>	<u>6,888</u>
Expenditures:				
Instruction	43,654	43,654	24,053	19,601
Operations and maintenance	<u>3,779</u>	<u>3,779</u>	<u>2,091</u>	<u>1,688</u>
Total expenditures	<u>47,433</u>	<u>47,433</u>	<u>26,144</u>	<u>21,289</u>
Revenue and other financing sources over (under) expenditures	(25,204)	(25,204)	2,973	28,177
Fund balance, beginning of year	<u>25,204</u>	<u>25,204</u>	<u>25,205</u>	<u>1</u>
Fund balance, end of year	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 28,178</u>	<u>\$ 28,178</u>

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

The primary purpose of the Special Revenue Funds is to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The following nonmajor Special Revenue Funds are reported:

Kansas Public Employees Retirement System Special Retirement Contribution Fund – used to account for the employer contributions to the Kansas Public Employees Retirement System (KPERS). These contributions are made by the State of Kansas to the District and then remitted by the District to KPERS.

Parent Education Program Fund – used to account for state aid received and expenditures incurred to operate a program of education of parents in the District regarding pre-school and selected educational problems of students.

Vocational Education Fund – used to account for revenue received and expenditures incurred for state and federal vocational aid programs and the District's efforts to increase access to advance placement classes and tests for low-income students and account for vocational programs administered in conjunction with the Carl Perkins Vocational Education Act.

Driver Training Fund – used to account for revenue and expenditures of moneys utilized in conducting driver education within the school system.

Recreation Fund – used to account for the receipt and disbursement of taxes levied on behalf of the Derby Recreation Commission as provided for by applicable state statutes.

Recreation Employee Benefits Fund – used to account for the receipt and disbursement of taxes levied on behalf of the Derby Recreation Commission for employee benefit expenditures as provided for by applicable State Statutes.

Food Service Fund – established pursuant to state law to account for all moneys received and expended attributable to the food service program. The program is administered according to the state plan of child nutrition operations under which federal funds are received pursuant to federal acts relating to child nutrition. The programs are administered and meals are served on a nonprofit basis.

Special Assessment Fund – used to account for tax moneys collected and expended to other taxing municipalities to pay the District's portion of special assessment taxes on District owned property. The fund is established and maintained in accordance with applicable state statutes.

Bilingual Education Fund – used to account for moneys received and expended to operate a program of bilingual education.

Four Year Old At Risk Fund – used to account for moneys allocated specifically for programs developed for four year olds identified as at risk pupils.

At Risk Fund – used to account for moneys allocated specifically for programs developed for kindergarten through 12th grade pupils who have been identified as at risk pupils.

Textbook Revolving Fund – used to account for textbook fees collected and expenditures incurred in conjunction with the purchase and maintenance of textbooks.

Athletic and Activity Fund – used to account for athletic and other activity gate receipts and the expenditures incurred related to those functions.

Special Grants Fund – used to account for revenue and expenditures of programs administered in conjunction with non-governmental grants awarded the District.

Kansas Beef Council Grant Fund – to account for special food service and nutrition related grants and contributions.

Title II A Fund – used to account for revenue and expenditures of programs in mathematics, science, computer learning or foreign language administered in conjunction with the Dwight D. Eisenhower Mathematics and Science Act.

Title I Fund – used to account for revenue and expenditures of programs administered in conjunction with the ESEA Chapter I (Low Income) Aid.

English Language Learners – Title III Fund – used to account for revenues and expenditures related to the English Language Acquisition grant to assist children with limited English proficiency.

Kansas Coordinated School Health Grant Fund – used to account for revenues and expenditures related to the Coordinated School Health Program funded by the State of Kansas to help youth establish healthful behaviors and attitudes.

Project Lead The Way Fund – used to account for grant moneys received through the Wichita State University Foundation for the establishment of pre-engineering programs of study for middle school and high school students.

Alcohol and Drug Grant – City of Derby Fund – used to account for the appropriation of resources from the City of Derby for alcohol and drug education programs.

Derby Education Foundation/Boeing/Derby Community Foundation Grant Fund – used to account for grant moneys received from a collaboration of supporters to provide financial literacy education for K-12 students and teachers of the District.

CAPITAL PROJECT FUNDS

The primary purpose of the Capital Project Fund is to account for the acquisition and construction of major capital facilities other than financed by proprietary and trust funds.

GraceMed Construction HRSA Grant Fund – used to account for grant moneys received from the U.S. Department of Health and Human Services – Health Resources and Services Administration (HRSA) and contributions from GraceMed Health Clinic to construct a school based clinic at the District's Oaklawn Elementary School. The new facility will have space for medical and dental providers.

UNIFIED SCHOOL DISTRICT NO. 260, DERBY, KANSAS

COMBINING BALANCE SHEET – ALL NONMAJOR GOVERNMENTAL FUNDS

June 30, 2014

	<u>Special Revenue Funds</u>	<u>GraceMed Construction HRSA Grant Fund</u>	<u>Total Nonmajor Governmental Funds</u>
<u>ASSETS</u>			
Assets:			
Cash including investments	\$ 2,185,526	\$ 173,911	\$ 2,359,437
Due from other governments	159,568	–	159,568
Due from others	–	907	907
Property taxes receivable	<u>101,892</u>	<u>–</u>	<u>101,892</u>
Total assets	<u>\$ 2,446,986</u>	<u>\$ 174,818</u>	<u>\$ 2,621,804</u>
<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</u>			
Liabilities:			
Accrued salaries and wages payable	\$ 347,364	\$ –	\$ 347,364
Accounts payable	44,481	46,654	91,135
Due to other funds	<u>79,942</u>	<u>–</u>	<u>79,942</u>
Total liabilities	<u>471,787</u>	<u>46,654</u>	<u>518,441</u>
Deferred inflows of resources:			
Property taxes receivable	<u>101,892</u>	<u>–</u>	<u>101,892</u>
Fund balances:			
Restricted	1,123,660	–	1,123,660
Committed	<u>749,647</u>	<u>128,164</u>	<u>877,811</u>
Total fund balances	<u>1,873,307</u>	<u>128,164</u>	<u>2,001,471</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 2,446,986</u>	<u>\$ 174,818</u>	<u>\$ 2,621,804</u>

UNIFIED SCHOOL DISTRICT NO. 260, DERBY, KANSAS

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES – ALL NONMAJOR GOVERNMENTAL FUNDS**

Year Ended June 30, 2014

	<u>Special Revenue Funds</u>	<u>GraceMed Construction HRSA Grant Fund</u>	<u>Total Nonmajor Governmental Funds</u>
Revenues:			
Taxes	\$ 3,005,915	\$ –	\$ 3,005,915
Intergovernmental	13,605,606	–	13,605,606
Charges for services	1,583,616	–	1,583,616
Contributions	77,294	–	77,294
Miscellaneous	<u>30,771</u>	<u>–</u>	<u>30,771</u>
Total revenues	<u>18,303,202</u>	<u>–</u>	<u>18,303,202</u>
Expenditures:			
Current:			
Instruction	9,908,385	–	9,908,385
Student support services	538,137	–	538,137
Instructional support services	257,372	–	257,372
General administration	62,819	–	62,819
School administration	258,818	–	258,818
Operation and maintenance of plant	270,251	–	270,251
Central support services	48,520	–	48,520
Student transportation services	99,501	–	99,501
Food service operation	3,033,077	–	3,033,077
Recreation	2,978,234	–	2,978,234
Capital Outlay:			
Facilities acquisition and construction	<u>51,055</u>	<u>546,404</u>	<u>597,459</u>
Total expenditures	<u>17,506,169</u>	<u>546,404</u>	<u>18,052,573</u>
Net change in fund balances	797,033	(546,404)	250,629
Fund balances, beginning of year	<u>1,076,274</u>	<u>674,568</u>	<u>1,750,842</u>
Fund balances, end of year	<u>\$ 1,873,307</u>	<u>\$ 128,164</u>	<u>\$ 2,001,471</u>

UNIFIED SCHOOL DISTRICT NO. 260, DERBY, KANSAS

**COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
(continued on next page)**

June 30, 2014

	<u>KPERS Special Retirement Contribution</u>	<u>Parent Education Program</u>	<u>Vocational Education</u>	<u>Driver Training</u>	<u>Recreation</u>
ASSETS					
Cash and investments	\$ -	\$ 6,381	\$ 161,265	\$ 31,533	\$ -
Due from other governments	-	-	2,000	-	-
Property taxes receivable	-	-	-	-	80,618
Total assets	<u>\$ -</u>	<u>\$ 6,381</u>	<u>\$ 163,265</u>	<u>\$ 31,533</u>	<u>\$ 80,618</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE					
Liabilities:					
Accrued salaries and wages payable	\$ -	\$ 2,678	\$ 54,598	\$ 10,535	\$ -
Accounts payable	-	3,703	1,442	-	-
Due to other funds	-	-	597	-	-
Total liabilities	<u>-</u>	<u>6,381</u>	<u>56,637</u>	<u>10,535</u>	<u>-</u>
Deferred inflows of resources:					
Property taxes receivable	-	-	-	-	80,618
Fund balances:					
Restricted	-	-	106,628	20,998	-
Committed	-	-	-	-	-
Total fund balances	<u>-</u>	<u>-</u>	<u>106,628</u>	<u>20,998</u>	<u>-</u>
Total liabilities and fund balances	<u>\$ -</u>	<u>\$ 6,381</u>	<u>\$ 163,265</u>	<u>\$ 31,533</u>	<u>\$ 80,618</u>

<u>Recreation- Employee Benefits</u>	<u>Food Service</u>	<u>Special Assessment</u>	<u>Bilingual Education</u>	<u>Four Year Old At Risk</u>	<u>At Risk</u>	<u>Textbook Revolving</u>
\$ -	\$ 767,165	\$ 50,826	\$ 274,548	\$ -	\$ 493,944	\$ 246,847
-	-	-	-	-	-	-
<u>20,367</u>	<u>-</u>	<u>907</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 20,367</u>	<u>\$ 767,165</u>	<u>\$ 51,733</u>	<u>\$ 274,548</u>	<u>\$ -</u>	<u>\$ 493,944</u>	<u>\$ 246,847</u>
\$ -	\$ 8,451	\$ -	\$ 37,631	\$ -	\$ 193,944	\$ -
-	9,079	-	35	-	-	5,024
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>-</u>	<u>17,530</u>	<u>-</u>	<u>37,666</u>	<u>-</u>	<u>193,944</u>	<u>5,024</u>
<u>20,367</u>	<u>-</u>	<u>907</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	50,826	236,882	-	300,000	241,823
<u>-</u>	<u>749,635</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>-</u>	<u>749,635</u>	<u>50,826</u>	<u>236,882</u>	<u>-</u>	<u>300,000</u>	<u>241,823</u>
<u>\$ 20,367</u>	<u>\$ 767,165</u>	<u>\$ 51,733</u>	<u>\$ 274,548</u>	<u>\$ -</u>	<u>\$ 493,944</u>	<u>\$ 246,847</u>

UNIFIED SCHOOL DISTRICT NO. 260, DERBY, KANSAS

**COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
(continued from previous page)**

June 30, 2014

	<u>Athletic and Activity</u>	<u>Special Grants</u>	<u>Kansas Beef Council Grant</u>	<u>Title IIA</u>	<u>Title I</u>	<u>English Language Learners Title III</u>
ASSETS						
Cash and investments	\$ 6,692	\$ 40,954	\$ 813	\$ 32,961	\$ -	\$ -
Due from other governments	-	-	-	-	124,179	33,389
Property taxes receivable	-	-	-	-	-	-
Total assets	<u>\$ 6,692</u>	<u>\$ 40,954</u>	<u>\$ 813</u>	<u>\$ 32,961</u>	<u>\$ 124,179</u>	<u>\$ 33,389</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE						
Liabilities:						
Accrued salaries and wages payable	\$ -	\$ -	\$ -	\$ 461	\$ 37,520	\$ 1,546
Accounts payable	6,680	2,624	23	2,039	8,602	3,944
Due to other funds	-	-	-	-	78,057	1,288
Total liabilities	<u>6,680</u>	<u>2,624</u>	<u>23</u>	<u>2,500</u>	<u>124,179</u>	<u>6,778</u>
Deferred inflows of resources:						
Property taxes receivable	-	-	-	-	-	-
Fund balances:						
Restricted	-	38,330	790	30,461	-	26,611
Committed	12	-	-	-	-	-
Total fund balances	<u>12</u>	<u>38,330</u>	<u>790</u>	<u>30,461</u>	<u>-</u>	<u>26,611</u>
Total liabilities and fund balances	<u>\$ 6,692</u>	<u>\$ 40,954</u>	<u>\$ 813</u>	<u>\$ 32,961</u>	<u>\$ 124,179</u>	<u>\$ 33,389</u>

<u>Kansas Coordinated School Health Grant</u>	<u>Project Lead The Way</u>	<u>Alcohol And Drug Prevention Grant – City of Derby</u>	<u>Derby Education Foundation/ Boeing/Derby Community Foundation Grant</u>	<u>Total Nonmajor Special Revenue Funds</u>
\$ 2,556	\$ 14,400	\$ 43,057	\$ 11,584	\$ 2,185,526
-	-	-	-	159,568
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>101,892</u>
<u>\$ 2,556</u>	<u>\$ 14,400</u>	<u>\$ 43,057</u>	<u>\$ 11,584</u>	<u>\$ 2,446,986</u>

\$ -	\$ -	\$ -	\$ -	\$ 347,364
-	-	1,286	-	44,481
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>79,942</u>
<u>-</u>	<u>-</u>	<u>1,286</u>	<u>-</u>	<u>471,787</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>101,892</u>
2,556	14,400	41,771	11,584	1,123,660
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>749,647</u>
<u>2,556</u>	<u>14,400</u>	<u>41,771</u>	<u>11,584</u>	<u>1,873,307</u>
<u>\$ 2,556</u>	<u>\$ 14,400</u>	<u>\$ 43,057</u>	<u>\$ 11,584</u>	<u>\$ 2,446,986</u>

UNIFIED SCHOOL DISTRICT NO. 260, DERBY, KANSAS

**COMBINING STATEMENT OF REVENUE, EXPENDITURES AND CHANGES
IN FUND BALANCES – NONMAJOR SPECIAL REVENUE FUNDS
(continued on next page)**

Year ended June 30, 2014

	<u>KPERS Special Retirement Contribution</u>	<u>Parent Education Program</u>	<u>Vocational Education</u>	<u>Driver Training</u>	<u>Recreation</u>
Revenues:					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ 2,377,528
Intergovernmental	3,966,428	239,550	1,152,332	6,205	-
Charges for services	-	-	-	31,854	-
Use of money and property	-	-	-	-	-
Contributions	-	-	-	-	-
Miscellaneous	-	3,898	18,575	-	-
Total revenues	<u>3,966,428</u>	<u>243,448</u>	<u>1,170,907</u>	<u>38,059</u>	<u>2,377,528</u>
Expenditures:					
Current:					
Instruction	2,826,654	-	1,108,971	30,852	-
Student support services	278,143	240,131	-	-	-
Instructional support services	91,791	-	-	-	-
General administration	60,435	-	-	-	-
School administration	258,757	-	-	-	-
Operation/maintenance of plant	238,479	-	-	8,423	-
Central support services	45,203	3,317	-	-	-
Student transportation services	83,483	-	15,690	-	-
Food service operation	83,483	-	-	-	-
Recreation	-	-	-	-	2,377,528
Facilities acquisition and construction	-	-	-	-	-
Total expenditures	<u>3,966,428</u>	<u>243,448</u>	<u>1,124,661</u>	<u>39,275</u>	<u>2,377,528</u>
Net change in fund balances	-	-	46,246	(1,216)	-
Fund balances, beginning of year	-	-	60,382	22,214	-
Fund balances, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 106,628</u>	<u>\$ 20,998</u>	<u>\$ -</u>

<u>Recreation- Employee Benefits</u>	<u>Food Service</u>	<u>Special Assessment</u>	<u>Bilingual Education</u>	<u>Four Year Old At Risk</u>	<u>At Risk</u>	<u>Textbook Revolving</u>
\$ 600,706	\$ -	\$ 27,681	\$ -	\$ -	\$ -	\$ -
-	1,847,984	-	1,346,743	108,502	3,879,633	-
-	1,117,775	-	-	-	-	292,600
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>600,706</u>	<u>2,965,759</u>	<u>27,681</u>	<u>1,346,743</u>	<u>108,502</u>	<u>3,879,633</u>	<u>292,600</u>
-	-	-	1,109,800	108,502	3,579,130	137,146
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	61	-	-	-
-	20,846	-	-	-	503	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	2,949,153	-	-	-	-	-
600,706	-	-	-	-	-	-
-	-	51,055	-	-	-	-
<u>600,706</u>	<u>2,969,999</u>	<u>51,055</u>	<u>1,109,861</u>	<u>108,502</u>	<u>3,579,633</u>	<u>137,146</u>
-	(4,240)	(23,374)	236,882	-	300,000	155,454
-	753,875	74,200	-	-	-	86,369
<u>\$ -</u>	<u>\$ 749,635</u>	<u>\$ 50,826</u>	<u>\$ 236,882</u>	<u>\$ -</u>	<u>\$ 300,000</u>	<u>\$ 241,823</u>

UNIFIED SCHOOL DISTRICT NO. 260, DERBY, KANSAS

**COMBINING STATEMENT OF REVENUE, EXPENDITURES AND CHANGES
IN FUND BALANCES – NONMAJOR SPECIAL REVENUE FUNDS
(continued from previous page)**

Year ended June 30, 2014

	<u>Athletic and Activity</u>	<u>Special Grants</u>	<u>Kansas Beef Council Grant</u>	<u>Title II A</u>	<u>Title I</u>	<u>English Language Learners Title III</u>
Revenues:						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	191,260	820,975	45,994
Charges for services	141,387	-	-	-	-	-
Use of money and property	-	-	-	-	-	-
Contributions	-	53,744	1,050	-	-	-
Miscellaneous	-	8,298	-	-	-	-
Total revenues	<u>141,387</u>	<u>62,042</u>	<u>1,050</u>	<u>191,260</u>	<u>820,975</u>	<u>45,994</u>
Expenditures:						
Current:						
Instruction	141,375	26,322	292	118	802,368	20,568
Student support services	-	-	-	-	17,892	-
Instructional support services	-	4,930	-	158,297	387	-
General administration	-	-	-	2,384	-	-
School administration	-	-	-	-	-	-
Operation/maintenance of plant	-	2,000	-	-	-	-
Central support services	-	-	-	-	-	-
Student transportation services	-	-	-	-	328	-
Food service operation	-	-	441	-	-	-
Recreation	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-
Total expenditures	<u>141,375</u>	<u>33,252</u>	<u>733</u>	<u>160,799</u>	<u>820,975</u>	<u>20,568</u>
Net change in fund balances	<u>12</u>	<u>28,790</u>	<u>317</u>	<u>30,461</u>	<u>-</u>	<u>25,426</u>
Fund balances, beginning of year	<u>-</u>	<u>9,540</u>	<u>473</u>	<u>-</u>	<u>-</u>	<u>1,185</u>
Fund balances, end of year	<u>\$ 12</u>	<u>\$ 38,330</u>	<u>\$ 790</u>	<u>\$ 30,461</u>	<u>\$ -</u>	<u>\$ 26,611</u>

<u>Kansas Coordinated School Health Grant</u>	<u>Project Lead The Way</u>	<u>Alcohol And Drug Prevention Grant – City of Derby</u>	<u>Derby Education Foundation/ Boeing/Derby Community Foundation Grant</u>	<u>Total Nonmajor Special Revenue Funds</u>
\$ -	\$ -	\$ -	\$ -	\$ 3,005,915
-	-	-	-	13,605,606
-	-	-	-	1,583,616
-	-	-	-	-
-	22,500	-	-	77,294
-	-	-	-	30,771
-	22,500	-	-	18,303,202
361	8,532	-	7,394	9,908,385
-	-	1,971	-	538,137
-	-	1,967	-	257,372
-	-	-	-	62,819
-	-	-	-	258,818
-	-	-	-	270,251
-	-	-	-	48,520
-	-	-	-	99,501
-	-	-	-	3,033,077
-	-	-	-	2,978,234
-	-	-	-	51,055
361	8,532	3,938	7,394	17,506,169
(361)	13,968	(3,938)	(7,394)	797,033
2,917	432	45,709	18,978	1,076,274
<u>\$ 2,556</u>	<u>\$ 14,400</u>	<u>\$ 41,771</u>	<u>\$ 11,584</u>	<u>\$ 1,873,307</u>

UNIFIED SCHOOL DISTRICT NO. 260, DERBY, KANSAS

DEBT SERVICE FUND

SCHEDULE OF REVENUE, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - BUDGETARY BASIS

Year ended June 30, 2014

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance With Final Budget Positive (Negative)
Revenue:				
Taxes	\$ 3,293,534	\$ 3,293,534	\$ 3,287,031	\$ (6,503)
Intergovernmental	1,175,050	1,175,050	1,175,050	-
Premium on sale of general obligation bonds	-	-	44,550	44,550
Accrued interest on sale of general obligation bonds	-	-	2,201	2,201
Other	<u>-</u>	<u>-</u>	<u>186</u>	<u>186</u>
Total revenue	<u>4,468,584</u>	<u>4,468,584</u>	<u>4,509,018</u>	<u>40,434</u>
Expenditures:				
Principal	1,655,000	1,655,000	1,655,000	-
Interest and fiscal charges	<u>2,697,038</u>	<u>2,697,038</u>	<u>2,697,038</u>	<u>-</u>
Total expenditures	<u>4,352,038</u>	<u>4,352,038</u>	<u>4,352,038</u>	<u>-</u>
Revenue over expenditures	116,546	116,546	156,980	40,434
Fund balance, beginning of year	<u>3,361,083</u>	<u>3,361,083</u>	<u>3,340,724</u>	<u>(20,359)</u>
Fund balance, end of year	<u>\$ 3,477,629</u>	<u>\$ 3,477,629</u>	<u>\$ 3,497,704</u>	<u>\$ 20,075</u>

UNIFIED SCHOOL DISTRICT NO. 260, DERBY, KANSAS

CAPITAL OUTLAY FUND

**SCHEDULE OF REVENUE, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL – BUDGETARY BASIS**

Year ended June 30, 2014

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance With Final Budget Positive (Negative)
Revenue and other sources:				
Taxes	\$ 2,548,138	\$ 2,548,138	\$ 2,551,930	\$ 3,792
Intergovernmental	85,000	85,000	72,045	(12,955)
Use of money and property	22,000	22,000	200,544	178,544
Miscellaneous	<u>350,000</u>	<u>350,000</u>	<u>323,436</u>	<u>(26,564)</u>
Total revenue and other sources	<u>3,005,138</u>	<u>3,005,138</u>	<u>3,147,955</u>	<u>142,817</u>
Expenditures and encumbrances:				
Instruction	1,561,391	1,561,391	360,079	1,201,312
Student support services	–	–	1,712	(1,712)
Instructional support staff	–	–	9,898	(9,898)
General administration	–	–	1,664	(1,664)
School administration	–	–	43,357	(43,357)
Operation/maintenance of plant	799,510	799,510	455,628	343,882
Central support services	45,000	45,000	19,137	25,863
Other support services	54,700	54,700	–	54,700
Student transportation services	93,000	93,000	124,560	(31,560)
Interest and fiscal charges	39,998	39,998	72,453	(32,455)
Principal	145,000	145,000	1,108,381	(963,381)
Facilities acquisition/improvements	<u>1,019,002</u>	<u>1,019,002</u>	<u>599,427</u>	<u>419,575</u>
Total expenditures and encumbrances	<u>3,757,601</u>	<u>3,757,601</u>	<u>2,796,296</u>	<u>961,305</u>
Revenue and other sources over (under) expenditures and encumbrances	(752,463)	(752,463)	351,659	1,104,122
Fund balance, beginning of year	<u>3,072,114</u>	<u>3,072,114</u>	<u>3,072,111</u>	<u>(3)</u>
Fund balance, end of year	<u>\$ 2,319,651</u>	<u>\$ 2,319,651</u>	<u>\$ 3,423,770</u>	<u>\$ 1,104,119</u>

UNIFIED SCHOOL DISTRICT NO. 260, DERBY, KANSAS

KANSAS PUBLIC EMPLOYEES RETIREMENT SYSTEM
SPECIAL RETIREMENT CONTRIBUTION FUND

SCHEDULE OF REVENUE, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL – BUDGETARY BASIS

Year ended June 30, 2014

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance With Final Budget Positive (Negative)
Revenue:				
Intergovernmental	<u>\$4,076,579</u>	<u>\$4,076,579</u>	<u>\$3,966,428</u>	<u>\$ (110,151)</u>
Expenditures:				
Instruction	2,935,137	2,935,137	2,826,654	108,483
Student support services	293,514	293,514	278,143	15,371
Instructional support services	97,838	97,838	91,791	6,047
General administration	61,148	61,148	60,435	713
School administration	236,442	236,442	258,757	(22,315)
Central support services	48,511	48,511	45,203	3,308
Operations and maintenance	235,219	235,219	238,479	(3,260)
Transportation services	93,761	93,761	83,483	10,278
Food service	<u>75,009</u>	<u>75,009</u>	<u>83,483</u>	<u>(8,474)</u>
Total expenditures	<u>4,076,579</u>	<u>4,076,579</u>	<u>3,966,428</u>	<u>110,151</u>
Revenue over expenditures	-	-	-	-
Fund balance, beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

UNIFIED SCHOOL DISTRICT NO. 260, DERBY, KANSAS

PARENT EDUCATION PROGRAM FUND

**SCHEDULE OF REVENUE, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL – BUDGETARY BASIS**

Year ended June 30, 2014

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget Positive (Negative)</u>
Revenue and other financing sources:				
Intergovernmental	\$ 127,000	\$ 127,000	\$ 127,000	\$ –
Reimbursements	–	–	3,898	3,898
Transfers from other funds	<u>119,550</u>	<u>119,550</u>	<u>112,550</u>	<u>(7,000)</u>
Total revenue and other financing sources	<u>246,550</u>	<u>246,550</u>	<u>243,448</u>	<u>(3,102)</u>
Expenditures and encumbrances:				
Student support services	246,550	246,550	240,131	6,419
Central support services	<u>–</u>	<u>–</u>	<u>3,317</u>	<u>(3,317)</u>
Total expenditures and encumbrances	<u>246,550</u>	<u>246,550</u>	<u>243,448</u>	<u>3,102</u>
Revenue and other financing sources over (under) expenditures and encumbrances	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>
Fund balance, beginning of year	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>
Fund balance, end of year	<u>\$ –</u>	<u>\$ –</u>	<u>\$ –</u>	<u>\$ –</u>

UNIFIED SCHOOL DISTRICT NO. 260, DERBY, KANSAS

VOCATIONAL EDUCATION FUND

**SCHEDULE OF REVENUE, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL – BUDGETARY BASIS**

Year ended June 30, 2014

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance With Final Budget Positive (Negative)
Revenue and other financing sources:				
Intergovernmental	\$ 126,345	\$ 126,345	\$ 91,362	\$ (34,983)
Miscellaneous	–	–	18,575	18,575
Transfers from other funds	<u>1,124,989</u>	<u>1,124,989</u>	<u>1,060,970</u>	<u>(64,019)</u>
Total revenue and other financing sources	<u>1,251,334</u>	<u>1,251,334</u>	<u>1,170,907</u>	<u>(80,427)</u>
Expenditures:				
Instruction	1,244,989	1,244,989	1,108,971	136,018
Transportation services	<u>6,345</u>	<u>6,345</u>	<u>15,690</u>	<u>(9,345)</u>
Total expenditures	<u>1,251,334</u>	<u>1,251,334</u>	<u>1,124,661</u>	<u>126,673</u>
Revenue and other financing sources over (under) expenditures	–	–	46,246	46,246
Fund balance, beginning of year	<u>–</u>	<u>–</u>	<u>60,382</u>	<u>60,382</u>
Fund balance, end of year	<u>\$ –</u>	<u>\$ –</u>	<u>\$ 106,628</u>	<u>\$ 106,628</u>

UNIFIED SCHOOL DISTRICT NO. 260, DERBY, KANSAS

DRIVER TRAINING FUND

**SCHEDULE OF REVENUE, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL – BUDGETARY BASIS**

Year ended June 30, 2014

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance With Final Budget Positive (Negative)
Revenue and other financing sources:				
Intergovernmental	\$ 9,430	\$ 9,430	\$ 6,205	\$ (3,225)
Charges for services	<u>25,000</u>	<u>25,000</u>	<u>31,854</u>	<u>6,854</u>
Total revenue and other financing sources	<u>34,430</u>	<u>34,430</u>	<u>38,059</u>	<u>3,629</u>
Expenditures and encumbrances:				
Instruction	40,307	40,307	30,852	9,455
Operation and maintenance of plant	<u>16,339</u>	<u>16,339</u>	<u>8,423</u>	<u>7,916</u>
Total expenditures and encumbrances	<u>56,646</u>	<u>56,646</u>	<u>39,275</u>	<u>17,371</u>
Revenues and other financing sources over (under) expenditures and encumbrances	(22,216)	(22,216)	(1,216)	21,000
Fund balance, beginning of year	<u>22,216</u>	<u>22,216</u>	<u>22,214</u>	<u>(2)</u>
Fund balance, end of year	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 20,998</u>	<u>\$ 20,998</u>

UNIFIED SCHOOL DISTRICT NO. 260, DERBY, KANSAS

RECREATION FUND

**SCHEDULE OF REVENUE, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL – BUDGETARY BASIS**

Year ended June 30, 2014

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance With Final Budget Positive (Negative)
Revenue:				
Taxes	\$ 2,373,500	\$ 2,373,500	\$ 2,377,528	\$ 4,028
Charges for services	<u>574,500</u>	<u>574,500</u>	<u>—</u>	<u>(574,500)</u>
Total revenue	2,948,000	2,948,000	2,377,528	(570,472)
Expenditures and other financing uses:				
Appropriation to recreation commission	<u>2,948,000</u>	<u>2,948,000</u>	<u>2,377,528</u>	<u>570,472</u>
Revenue over expenditures and other financing uses	—	—	—	—
Fund balance, beginning of year	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Fund balance, end of year	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>

UNIFIED SCHOOL DISTRICT NO. 260, DERBY, KANSAS

RECREATION - EMPLOYEE BENEFITS FUND

**SCHEDULE OF REVENUE, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL – BUDGETARY BASIS**

Year ended June 30, 2014

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance With Final Budget Positive (Negative)
Revenue:				
Taxes	\$ 599,700	\$ 599,700	\$ 600,706	\$ 1,006
Miscellaneous	<u>20,300</u>	<u>20,300</u>	<u>—</u>	<u>(20,300)</u>
Total revenue	620,000	620,000	600,706	(19,294)
Expenditures and other financing uses:				
Appropriation to recreation commission	<u>620,000</u>	<u>620,000</u>	<u>600,706</u>	<u>19,294</u>
Revenue over expenditures and other financing uses	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Fund balance, beginning of year	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Fund balance, end of year	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>

UNIFIED SCHOOL DISTRICT NO. 260, DERBY, KANSAS

FOOD SERVICE FUND

SCHEDULE OF REVENUE, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL – BUDGETARY BASIS

Year ended June 30, 2014

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance With Final Budget Positive (Negative)
Revenue:				
Intergovernmental	\$ 1,741,934	\$ 1,741,934	\$1,847,984	\$ 106,050
Charges for services	1,434,649	1,434,649	1,117,775	(316,874)
Miscellaneous	15,000	15,000	–	(15,000)
Use of money and property	<u>1,000</u>	<u>1,000</u>	<u>–</u>	<u>(1,000)</u>
Total revenue	<u>3,192,583</u>	<u>3,192,583</u>	<u>2,965,759</u>	<u>(226,824)</u>
Expenditures and encumbrances:				
Operation and maintenance of plant	35,314	35,314	20,846	14,468
Food service operations	<u>3,322,356</u>	<u>3,322,356</u>	<u>2,964,704</u>	<u>357,652</u>
Total expenditures and encumbrances	<u>3,357,670</u>	<u>3,357,670</u>	<u>2,985,550</u>	<u>372,120</u>
Revenue over (under) expenditures and encumbrances	(165,087)	(165,087)	(19,791)	145,296
Fund balance, beginning of year	<u>808,718</u>	<u>808,718</u>	<u>753,875</u>	<u>(54,843)</u>
Fund balance, end of year	<u>\$ 643,631</u>	<u>\$ 643,631</u>	<u>\$ 734,084</u>	<u>\$ 90,453</u>

UNIFIED SCHOOL DISTRICT NO. 260, DERBY, KANSAS

SPECIAL ASSESSMENT FUND

**SCHEDULE OF REVENUE, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL – BUDGETARY BASIS**

Year ended June 30, 2014

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance With Final Budget Positive (Negative)
Revenue:				
Taxes	\$ 25,948	\$ 25,948	\$ 27,681	\$ 1,733
Expenditures:				
Facilities acquisition	<u>101,000</u>	<u>101,000</u>	<u>51,055</u>	<u>49,945</u>
Revenues over (under) expenditures	(75,052)	(75,052)	(23,374)	51,678
Fund balance, beginning of year	<u>77,048</u>	<u>77,048</u>	<u>74,200</u>	<u>(2,848)</u>
Fund balance, end of year	<u>\$ 1,996</u>	<u>\$ 1,996</u>	<u>\$ 50,826</u>	<u>\$ 48,830</u>

UNIFIED SCHOOL DISTRICT NO. 260, DERBY, KANSAS

BILINGUAL EDUCATION FUND

SCHEDULE OF REVENUE, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL – BUDGETARY BASIS

Year ended June 30, 2014

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance With Final Budget Positive (Negative)
Revenue and other financing sources:				
Transfers from other funds	<u>\$1,150,635</u>	<u>\$1,150,635</u>	<u>\$1,346,743</u>	<u>\$ 196,108</u>
Expenditures and encumbrances:				
Instruction	<u>1,150,635</u>	<u>1,150,635</u>	<u>1,109,800</u>	<u>40,835</u>
School administration	<u>—</u>	<u>—</u>	<u>61</u>	<u>(61)</u>
Total expenditures and encumbrances	<u>1,150,635</u>	<u>1,150,635</u>	<u>1,109,861</u>	<u>40,774</u>
Revenue and other financing sources over expenditures and encumbrances	<u>—</u>	<u>—</u>	<u>236,882</u>	<u>236,882</u>
Fund balance, beginning of year	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Fund balance, end of year	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 236,882</u>	<u>\$ 236,882</u>

UNIFIED SCHOOL DISTRICT NO. 260, DERBY, KANSAS

FOUR YEAR OLD AT RISK FUND

**SCHEDULE OF REVENUE, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL – BUDGETARY BASIS**

Year ended June 30, 2014

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance With Final Budget Positive (Negative)
Revenue and other sources:				
Transfers in	\$ 117,040	\$ 117,040	\$ 108,502	\$ (8,538)
Expenditures:				
Instruction	<u>117,040</u>	<u>117,040</u>	<u>108,502</u>	<u>8,538</u>
Revenue and other sources over (under) expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance, beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

UNIFIED SCHOOL DISTRICT NO. 260, DERBY, KANSAS

AT RISK FUND

**SCHEDULE OF REVENUE, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL – BUDGETARY BASIS**

Year ended June 30, 2014

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance With Final Budget Positive (Negative)
Revenue and other sources:				
Transfers in	<u>\$ 3,849,458</u>	<u>\$ 3,849,458</u>	<u>\$ 3,879,633</u>	<u>\$ 30,175</u>
Expenditures and encumbrances:				
Instruction	<u>3,849,458</u>	<u>3,849,458</u>	<u>3,579,130</u>	<u>270,328</u>
Operations and maintenance	<u>—</u>	<u>—</u>	<u>503</u>	<u>(503)</u>
Total expenditures and encumbrances	<u>3,849,458</u>	<u>3,849,458</u>	<u>3,579,633</u>	<u>269,825</u>
Revenue and other sources over expenditures and encumbrances	<u>—</u>	<u>—</u>	<u>300,000</u>	<u>300,000</u>
Fund balance, beginning of year	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Fund balance, end of year	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 300,000</u>	<u>\$ 300,000</u>

FIDUCIARY FUNDS

Fiduciary Funds are used to report assets held in a trustee or agent capacity for others and, therefore, are not used to support the government's own programs.

AGENCY FUNDS

Payroll Deductions Fund – to account for the various taxes and other elected withholdings from employees of the District.

Sales Tax Agency Fund – to account for the collection of State and local sales tax on miscellaneous taxable sales of the District, generally fund raising activities of the student activity funds.

Student Activity Funds – to account for moneys held on behalf of the various student organizations.

UNIFIED SCHOOL DISTRICT NO. 260, DERBY, KANSAS

**COMBINING STATEMENT OF CHANGES IN ASSETS
AND LIABILITIES – ALL AGENCY FUNDS
(continued on next page)**

Year ended June 30, 2014

	<u>Balance July 1, 2013</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2014</u>
<u>Payroll Deductions Fund</u>				
Assets:				
Cash and investments	<u>\$ 470,533</u>	<u>\$ 20,284,729</u>	<u>\$ 20,329,055</u>	<u>\$ 426,207</u>
Liabilities:				
Payroll withholdings payable	<u>\$ 470,533</u>	<u>\$ 20,284,729</u>	<u>\$ 20,329,055</u>	<u>\$ 426,207</u>
<u>Sales Tax Payable Fund</u>				
Assets:				
Cash and investments	\$ 1	\$ 25,771	\$ 25,701	\$ 71
Due from other governments	<u>—</u>	<u>3,173</u>	<u>—</u>	<u>3,173</u>
Total assets	<u>\$ 1</u>	<u>\$ 28,944</u>	<u>\$ 25,701</u>	<u>\$ 3,244</u>
Liabilities:				
Sales tax payable	\$ 1	\$ 25,771	\$ 25,701	\$ 71
Due to other funds	<u>—</u>	<u>3,173</u>	<u>—</u>	<u>3,173</u>
	<u>\$ 1</u>	<u>\$ 28,944</u>	<u>\$ 25,701</u>	<u>\$ 3,244</u>
<u>Student Activity Funds</u>				
Assets:				
Cash and investments	\$ 347,706	\$ 499,147	\$ 488,328	\$ 358,525
Due from other funds	<u>—</u>	<u>3,173</u>	<u>—</u>	<u>3,173</u>
Total assets	<u>\$ 347,706</u>	<u>\$ 502,320</u>	<u>\$ 488,328</u>	<u>\$ 361,698</u>
Liabilities:				
Due to student organizations	<u>\$ 347,706</u>	<u>\$ 499,147</u>	<u>\$ 485,155</u>	<u>\$ 361,698</u>

UNIFIED SCHOOL DISTRICT NO. 260, DERBY, KANSAS

COMBINING STATEMENT OF CHANGES IN ASSETS
AND LIABILITIES – ALL AGENCY FUNDS
(continued from previous page)

Year ended June 30, 2014

	Balance <u>July 1, 2013</u>	<u>Additions</u>	<u>Deductions</u>	Balance <u>June 30, 2014</u>
<u>Totals – All Agency Funds</u>				
Assets:				
Cash and investments	\$ 818,240	\$ 20,809,647	\$ 20,843,084	\$ 784,803
Due from other funds	–	3,173	–	3,173
Due from other governments	<u>–</u>	<u>3,173</u>	<u>–</u>	<u>3,173</u>
Total assets	<u>\$ 818,240</u>	<u>\$ 20,815,993</u>	<u>\$ 20,843,084</u>	<u>\$ 791,149</u>
Liabilities:				
Payroll withholdings and taxes payable	\$ 470,534	\$ 20,310,500	\$ 20,354,756	\$ 426,278
Due to student organizations	347,706	499,147	485,155	361,698
Due to other funds	<u>–</u>	<u>3,173</u>	<u>–</u>	<u>3,173</u>
Total liabilities	<u>\$ 818,240</u>	<u>\$ 20,812,820</u>	<u>\$ 20,839,911</u>	<u>\$ 791,149</u>

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STATISTICAL SECTION

STATISTICAL SECTION

This part of the Derby Unified School District No. 260's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the District's overall financial health.

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These schedules contain trend information to help the reader understand how the District's financial performance and well-being have changed over time.

Revenue Capacity.....	98
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These schedules contain information to help the reader assess the District's most significant local revenue source, the property tax.

Debt Capacity.....	102
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These schedules present information to help the reader assess the affordability of the District's current levels of outstanding debt and the government's ability to issue additional debt in the future.

Demographic and Economic Information.....	106
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These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place.

Operating Information.....	108
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These schedules contain service and infrastructure data to help the reader understand how the information in the District's financial report relates to the services the government provides and the activities it performs.

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial report for the relevant year.

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UNIFIED SCHOOL DISTRICT NO. 260, DERBY, KANSAS
NET POSITION BY COMPONENT OF GOVERNMENTAL ACTIVITIES
LAST TEN YEARS

	FISCAL YEAR									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Net Position										
Invested in capital assets, Net of related debt	\$ 22,754,269	\$ 21,958,292	\$ 23,523,361	\$ 24,903,553	\$ 24,968,016	\$ 26,150,495	\$ 30,108,339	\$ 32,137,347	\$ 33,680,814	\$ 40,266,732
Restricted for Debt service	3,712,159	3,719,461	3,658,642	3,439,822	3,270,419	3,118,073	2,986,754	2,864,462	3,340,724	3,497,704
Restricted for educational Services	-	-	-	-	-	-	-	7,598,700	3,449,022	1,309,607
Unrestricted	<u>5,690,380</u>	<u>6,532,752</u>	<u>6,532,752</u>	<u>4,699,943</u>	<u>721,626</u>	<u>3,340,187</u>	<u>3,344,898</u>	<u>(4,563,609)</u>	<u>(1,957,913)</u>	<u>(4,893,954)</u>
	<u>\$ 32,156,808</u>	<u>\$ 32,210,505</u>	<u>\$ 31,881,946</u>	<u>\$ 32,503,502</u>	<u>\$ 28,960,061</u>	<u>\$ 32,608,755</u>	<u>\$ 36,439,991</u>	<u>\$ 38,036,900</u>	<u>\$ 38,512,647</u>	<u>\$ 40,180,089</u>

Source: School District Financial Records.

UNIFIED SCHOOL DISTRICT NO. 260, DERBY, KANSAS
CHANGES IN NET POSITION OF GOVERNMENTAL ACTIVITIES
LAST TEN FISCAL YEARS

FISCAL YEAR

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Expenses										
Governmental Activities										
Primary Government:										
Instruction	\$ 29,914,967	\$ 36,906,981	\$ 39,964,878	\$ 41,801,583	\$ 45,933,218	\$ 39,935,084	\$ 41,938,811	\$ 42,403,455	\$42,459,420	\$43,209,151
Student support services	2,865,460	3,055,337	3,453,444	3,402,703	4,342,434	3,859,961	3,599,410	4,109,789	4,262,776	3,935,280
Instructional support services	1,974,067	1,975,791	2,261,259	2,423,095	2,840,379	2,076,912	2,079,879	2,140,007	1,990,559	2,177,544
General administration	823,302	905,130	869,503	858,951	1,006,524	856,771	695,498	903,615	967,197	1,135,450
School administration	2,397,419	2,477,523	2,826,299	2,933,587	3,156,013	2,905,464	2,955,668	2,957,498	3,009,629	3,000,687
Operations and maintenance	4,908,507	5,376,315	5,711,013	5,940,673	6,962,041	6,169,698	6,349,247	5,813,514	6,651,140	5,972,752
Central support services	1,727,880	2,043,754	991,933	934,121	1,180,981	754,074	847,771	777,962	889,976	1,182,908
Student transportation	1,551,467	1,589,865	1,468,421	1,208,893	1,332,155	1,325,848	1,290,689	1,384,395	1,448,386	1,239,101
Food service operations	2,166,468	2,359,959	2,585,769	2,666,859	2,761,920	2,739,409	2,769,580	2,903,048	3,005,371	2,992,931
Community service operations	51,314	106,962	78,912	91,439	102,471	168,897	171,640	127,363	133,609	127,268
Recreation	1,837,593	1,966,711	2,708,217	2,461,276	2,711,556	2,836,889	2,964,864	2,973,777	3,015,576	2,978,234
Interest on long-term debt	1,394,970	1,398,411	1,274,875	1,145,524	1,117,003	741,001	308,101	288,688	2,390,052	2,296,571
Total Primary Government	\$ 51,613,414	\$ 60,162,739	\$ 63,564,523	\$ 65,868,704	\$ 73,446,695	\$ 64,370,008	\$ 65,971,158	\$ 66,783,111	\$70,223,691	\$70,247,877
Program revenues										
Governmental Activities										
Charges for Services										
Instruction	\$ 917,281	\$ 945,588	\$ 919,704	\$ 966,560	\$ 1,007,684	\$ 968,107	\$ 1,075,769	\$ 1,235,358	\$ 1,000,939	\$ 1,150,115
Student support services	299,311	332,638	326,329	362,991	436,712	439,278	483,125	499,399	465,285	544,375
Instructional support services	-	189	-	-	75	3,008	376	-	-	-
General administration	3,770	4,082	523	680	596	472	443	682	494	300
School administration	-	501	6,164	1,407	3,490	5,973	2,122	5,579	1,687	-
Operations and maintenance	30,512	19,030	16,790	23,327	82,743	16,275	47,969	49,833	56,215	12,095
Central support services	-	-	-	40	16	20	-	183	38	53
Student transportation	1,105	1,815	1,307	1,360	1,192	687	37,223	44,815	28,571	1,010
Food service operations	1,164,505	1,246,266	1,260,128	1,283,333	1,314,903	1,256,137	1,176,783	1,224,796	1,144,688	1,117,775
Recreation	-	-	-	-	-	214	-	-	-	-
Operating grants and contributions	11,324,002	12,116,305	12,702,135	13,712,249	14,930,044	16,586,878	15,933,077	15,198,486	14,794,195	15,790,525
Capital grants and contributions	-	-	-	-	579,954	384,380	1,694,573	213,427	719,548	-
Total Government program revenues	\$ 13,740,486	\$ 14,666,414	\$ 15,233,080	\$ 16,351,947	\$ 18,357,409	\$ 19,661,429	\$ 20,451,460	\$ 18,472,558	\$ 18,211,660	\$ 18,616,248
NET (Expense)/Revenue										
Total Government net expense	\$ (37,872,928)	\$ (45,496,325)	\$ (48,331,443)	\$ (49,516,757)	\$ (55,089,286)	\$ (44,708,579)	\$ (45,519,698)	\$ (48,310,553)	\$ (52,012,031)	\$ (51,631,629)

UNIFIED SCHOOL DISTRICT NO. 260, DERBY, KANSAS
CHANGES IN NET POSITION OF GOVERNMENTAL ACTIVITIES
LAST TEN FISCAL YEARS

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
General Revenues										
Property taxes levied for:										
General purposes	\$ 11,756,972	\$ 11,942,301	\$ 12,983,259	\$ 13,939,381	\$ 15,743,009	\$ 16,560,040	\$ 18,157,499	\$ 18,413,459	\$ 18,248,040	\$ 18,520,372
Debt service	2,781,073	2,528,585	2,528,658	2,157,933	2,408,125	2,460,306	2,755,003	2,262,488	3,308,340	3,287,031
Capital Outlay	1,158,869	1,297,078	1,325,516	1,432,952	1,552,364	1,621,083	2,457,491	2,494,718	2,575,411	2,551,930
Grants and entitlements not restricted to specific programs	25,563,571	28,640,229	30,231,018	31,904,811	31,722,462	27,693,319	25,953,157	26,535,940	27,966,231	28,675,797
Investment earnings	251,403	648,715	934,433	703,236	119,885	22,525	27,784	200,857	389,756	263,941
Gain on sale of capital assets	-	-	-	-	-	-	-	-	-	-
Total General Revenue	<u>\$ 41,511,888</u>	<u>\$ 45,056,908</u>	<u>\$ 48,002,884</u>	<u>\$ 50,138,313</u>	<u>\$ 51,545,845</u>	<u>\$ 48,357,273</u>	<u>\$ 49,350,934</u>	<u>\$ 49,907,462</u>	<u>\$ 52,487,778</u>	<u>\$ 53,299,071</u>
Change in Net Position										
Total Government change in net position	<u>\$ (3,638,960)</u>	<u>\$ (439,417)</u>	<u>\$ (328,559)</u>	<u>\$ 621,556</u>	<u>\$ (3,543,441)</u>	<u>\$ 3,648,694</u>	<u>\$ 3,831,236</u>	<u>\$ 1,596,909</u>	<u>\$ 475,747</u>	<u>\$ 1,667,442</u>

Source: School District Financial Records

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UNIFIED SCHOOL DISTRICT NO. 260, DERBY, KANSAS
FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS

	FISCAL YEAR									
	2005	2006	2007	2008	2009	2010	2011(1)	2012	2013	2014
General Fund										
Reserved for Encumbrances	\$ 959,623	\$ 910,197	\$ 315,325	\$ 345,398	\$ 125,113	\$ 218,379	\$ -	\$ -	\$ -	\$ -
Unreserved :										
Designated for subsequent years'										
expenditures	-	14,248	-	-	-	-	-	-	-	-
Committed	-	-	-	-	-	-	2,802,617	2,228,647	2,124,720	1,357,772
Assigned	-	-	-	-	-	-	557,396	684,160	509,451	404,623
Unassigned	-	-	-	-	-	-	566,685	191,890	234,610	194,227
Total General Fund	<u>\$ 959,623</u>	<u>\$ 924,445</u>	<u>\$ 315,325</u>	<u>\$ 345,398</u>	<u>\$ 125,113</u>	<u>\$ 218,379</u>	<u>\$ 3,926,698</u>	<u>\$ 3,104,697</u>	<u>\$ 2,868,781</u>	<u>\$ 1,956,622</u>
All Other Governmental Funds										
Reserved for Encumbrances	\$ 511,291	\$ 851,441	\$ 613,068	\$ 1,156,120	\$ 1,031,879	\$ 581,224	\$ -	\$ -	\$ -	\$ -
Reserved for debt service	7,682,881	7,666,687	7,650,492	7,634,297	7,618,102	3,118,078	-	-	-	-
Unreserved:							-	-	-	-
Designated for subsequent years'							-	-	-	-
expenditures, reported in:							-	-	-	-
Special revenue funds	2,462,069	2,303,547	2,637,702	2,405,035	2,322,736	2,533,078	-	-	-	-
Debt service fund	3,712,159	3,719,461	3,658,642	3,439,822	3,270,419	-	-	-	-	-
Capital project funds	5,234,118	5,921,366	5,769,152	5,843,955	4,611,569	4,816,542	-	-	-	-
Undesignated, reported in:							-	-	-	-
Special revenue funds	3,553,878	3,232,912	3,072,117	2,547,110	2,314,034	2,769,992	-	-	-	-
Capital project fund	-	-	-	-	(129,427)	212,000	-	-	-	-
Restricted	-	-	-	-	-	-	10,327,764	10,463,162	62,641,858	13,903,316
Committed	-	-	-	-	-	-	231,571	2,550,013	13,892,282	38,458,136
Assigned	-	-	-	-	-	-	-	684,160	509,451	-
Unassigned	-	-	-	-	-	-	-	111,965	234,610	-
Total All other Governmental funds	<u>\$ 23,156,396</u>	<u>\$ 23,695,414</u>	<u>\$ 23,401,173</u>	<u>\$ 23,026,339</u>	<u>\$ 21,039,312</u>	<u>\$ 14,030,914</u>	<u>\$ 10,559,335</u>	<u>\$ 13,809,300</u>	<u>\$ 77,278,201</u>	<u>\$ 52,361,452</u>

Source: School District Financial Records.

(1) Implementation of GASB 54.

UNIFIED SCHOOL DISTRICT NO. 260, DERBY, KANSAS
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS

	FISCAL YEAR									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Revenues:										
Taxes	\$ 15,696,914	\$ 15,767,964	\$ 16,837,433	\$ 17,530,266	\$ 19,703,498	\$ 20,641,429	\$ 23,369,993	\$ 23,170,665	\$ 24,131,791	\$ 24,359,333
Intergovernmental	36,617,646	40,275,677	42,474,553	45,218,891	46,614,421	44,192,227	43,216,064	41,779,453	42,980,912	43,728,185
Charges for services	2,400,114	2,521,617	2,521,420	2,628,166	2,791,509	2,687,571	2,005,805	2,159,566	2,190,719	2,150,389
Investment earnings	313,738	911,921	1,197,638	966,441	383,091	154,128	27,784	200,857	390,110	266,142
Contributions	-	-	-	-	-	-	-	-	-	-
Miscellaneous	<u>223,962</u>	<u>246,143</u>	<u>204,920</u>	<u>146,496</u>	<u>410,735</u>	<u>343,347</u>	<u>1,182,748</u>	<u>1,069,479</u>	<u>1,005,906</u>	<u>1,411,270</u>
Total revenues	<u>55,252,374</u>	<u>59,723,322</u>	<u>63,235,964</u>	<u>66,490,260</u>	<u>69,903,254</u>	<u>68,018,702</u>	<u>69,802,394</u>	<u>68,380,020</u>	<u>70,699,438</u>	<u>71,915,319</u>
Expenditures:										
Current:										
Instruction	29,851,098	33,199,109	36,996,145	38,935,936	42,513,077	39,656,482	39,570,228	41,771,951	41,765,390	42,813,960
Student support services	2,875,236	3,068,423	3,465,383	3,398,918	4,220,304	3,955,435	3,919,397	4,118,082	4,259,160	3,925,523
Instructional support services	2,003,758	1,881,610	2,258,717	2,394,842	2,710,522	2,121,946	2,084,755	2,205,393	1,998,625	2,141,407
General administration	826,879	898,761	873,810	857,309	980,411	872,883	694,673	908,345	972,555	1,122,754
School administration	2,411,356	2,485,394	2,818,025	2,927,868	3,074,288	2,964,923	2,955,482	2,995,354	3,053,698	2,947,060
Operation and maintenance of plant	5,578,741	6,054,197	6,412,916	6,189,837	6,694,590	5,289,981	5,926,274	5,718,185	6,168,075	5,784,833
Central support services	1,728,990	1,668,460	994,562	919,587	1,041,982	783,855	845,223	822,798	901,632	1,178,639
Student transportation services	1,456,084	1,486,967	1,466,491	1,322,336	1,426,213	1,287,725	1,202,028	1,352,093	1,547,737	1,420,995
Food service operation	2,244,936	2,364,033	2,595,092	2,669,283	2,714,007	2,675,670	2,814,143	2,925,108	3,008,205	3,033,077
Community service operations	51,314	106,890	78,912	91,439	107,087	168,897	171,640	127,363	133,609	127,268
Recreation	1,837,593	1,966,711	2,078,217	2,461,276	2,711,556	2,836,889	2,964,864	2,973,777	3,015,576	2,978,234
Capital Outlay										
Facilities acquisition and construction	59,969	43,709	51,039	770,808	2,680,271	445,506	2,159,968	385,953	3,407,328	27,404,330
Debt service:										
Principal	2,465,117	2,564,914	2,744,122	2,717,753	3,143,696	11,069,803	3,813,062	3,526,358	2,655,753	2,970,199
Interest	<u>1,374,155</u>	<u>1,430,304</u>	<u>1,305,894</u>	<u>1,177,729</u>	<u>1,141,758</u>	<u>803,839</u>	<u>443,917</u>	<u>308,225</u>	<u>2,212,392</u>	<u>2,769,491</u>
Total expenditures	<u>54,765,226</u>	<u>59,219,482</u>	<u>64,139,325</u>	<u>66,834,921</u>	<u>75,159,762</u>	<u>74,933,834</u>	<u>69,565,654</u>	<u>70,138,985</u>	<u>75,099,735</u>	<u>100,617,770</u>
Excess (deficiency) of revenues over Expenditures	<u>487,148</u>	<u>503,840</u>	<u>(903,361)</u>	<u>(344,661)</u>	<u>(5,256,508)</u>	<u>(6,915,132)</u>	<u>236,740</u>	<u>(1,758,965)</u>	<u>(4,400,297)</u>	<u>(28,702,451)</u>

UNIFIED SCHOOL DISTRICT NO. 260, DERBY, KANSAS
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS

	FISCAL YEAR									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Other financing sources (uses):										
Proceeds from sale of general obligation										
Refunding bonds	\$ 7,670,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 61,750,000	\$ 3,300,000
Premium on general obligation										
Refunding bonds	80,984	-	-	-	-	-	-	-	6,525,822	-
Premium from sale of general obligation bonds	-	-	-	-	-	-	-	-	-	44,550
Proceeds from sale of certificates of Participation	-	-	-	-	1,500,000	-	-	-	-	-
Proceeds from capitalized lease obligations	-	-	-	-	1,549,096	-	-	1,082,232	1,193,376	2,397,774
Payment to refunded bonds escrow agent									(1,600,000)	
Transfers in	8,231,858	9,933,011	11,260,615	12,861,135	13,976,501	12,959,209	-	-	-	-
Transfers out	(8,231,858)	(9,933,011)	(11,260,615)	(12,861,135)	(13,976,501)	(12,959,209)	-	-	-	-
Total other financing sources (uses)	8,157,601	-	-	-	3,049,096	-	-	1,082,232	67,869,198	5,742,324
Net change in fund balance	8,644,749	503,840	(903,361)	(344,661)	(2,207,412)	(6,915,132)	236,740	(676,733)	63,468,901	(22,960,127)
Fund balance, beginning of year	15,471,270	24,116,019	24,619,859	23,716,498	23,371,837	21,164,425	14,249,293	14,486,033	13,809,300	77,278,201
Fund balance, end of year	\$ 24,116,019	\$ 24,619,859	\$ 23,716,498	\$ 23,371,837	\$ 21,164,425	\$ 14,249,293	\$ 14,486,033	\$ 13,809,300	\$ 77,278,201	\$ 54,318,074
Ratio of total debt service expenditures to total non capital expenditures (1)	7.49%	7.03%	6.45%	5.97%	6.10%	15.88%	6.35%	5.78%	6.96%	8.25%

Source: School District Financial Reports.

(1) Debt service expenditures for 2010 includes debt retired through the District's escrow agent of \$7,749,700. Ratio without escrow agent debt service is 5.52%.

**UNIFIED SCHOOL DISTRICT NO. 260, DERBY, KANSAS
ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
DIRECT AND OVERLAPPING GOVERNMENTS
LAST TEN FISCAL YEARS**

FISCAL YEAR	REAL PROPERTY		PERSONAL PROPERTY	
	ASSESSED VALUE	ESTIMATED ACTUAL VALUE	ASSESSED VALUE	ESTIMATED ACTUAL VALUE
2005	\$223,794,120	\$1,496,780,780	\$65,278,608	\$267,644,969
2006	234,067,189	1,549,524,791	57,397,607	235,330,189
2007	251,758,814	1,657,991,526	71,037,334	263,569,812
2008	270,178,545	1,779,287,826	79,381,844	294,522,518
2009	284,999,905	1,876,895,374	83,905,254	311,305,274
2010	294,688,482	1,940,700,467	88,163,845	327,105,498
2011	294,894,411	1,943,354,168	88,556,759	328,545,576
2012	297,976,708	1,963,666,506	91,398,158	339,087,166
2013	296,622,010	1,954,739,046	91,188,333	338,308,715
2014	297,228,060	1,958,732,915	86,804,666	322,045,311

FISCAL YEAR	UTILITIES		TOTAL ASSESSED VALUE	TOTAL DIRECT TAX RATE	TOTAL ESTIMATED ACTUAL VALUE	RATIO OF TOTAL ASSESSED TO TOTAL ESTIMATED ACTUAL VALUE
	ASSESSED VALUE	ESTIMATED ACTUAL VALUE				
2005	\$8,029,119	\$24,330,664	\$297,101,847	52.08	\$1,788,756,413	16.6%
2006	8,082,500	24,489,975	299,547,296	53.97	1,809,344,955	16.6%
2007	8,054,717	24,636,915	330,850,865	51.40	1,946,198,253	17.0%
2008	7,738,870	23,670,804	357,299,259	50.96	2,097,481,148	17.0%
2009	7,814,371	23,901,035	376,719,530	54.12	2,212,101,683	17.0%
2010	8,243,613	25,208,969	391,095,940	58.32	2,293,014,934	17.1%
2011	8,422,396	25,772,532	391,873,566	57.63	2,297,672,276	17.1%
2012	8,566,016	26,181,409	397,940,882	59.31	2,328,935,081	17.1%
2013	8,609,541	26,345,195	396,419,884	60.08	2,319,392,956	17.1%
2014	8,694,827	26,606,171	392,727,553	56.29	2,307,384,397	17.0%

Source: The above information was obtained from the office of the Sedgwick County Clerk.

Assessed value is calculated by the appraised value times the state assessment percentage by property class. Property class assessment percentages are set by the State Constitution and cannot be adjusted by the county. Classifications of property are appraised at "market value", i.e., estimated actual value, except for Agricultural Land which is appraised at "use value". Property classes and their assessment percentages are as follows: Residential – 11.5%; Vacant Lots – 12.0%; Not For Profit Organizations – 12.0%; Commercial – 25.0%; Agricultural Improvements – 25.0%; Agricultural Land – 30.0%; and Other Not Elsewhere Classified – 30.0%.

**UNIFIED SCHOOL DISTRICT NO. 260, DERBY, KANSAS
PROPERTY TAX RATES – DIRECT AND OVERLAPPING GOVERNMENTS
(PER \$1,000 OF ASSESSED VALUE)
LAST TEN YEARS**

FISCAL YEAR	GENERAL FUND	SUPPLE- MENTAL GENERAL FUND	CAPITAL OUTLAY	BOND & INTEREST	RECREATION GENERAL FUND	COMMISSION EMPLOYEE BENEFIT	SPECIAL ASSMT	TOTAL	STATE, COUNTY & OTHER DIST	CITY	TOTAL
2005	20.000	14.486	4.000	7.620	4.839	1.137	-	52.082	31.885	48.352	132.319
2006	20.000	16.234	3.965	7.506	4.850	1.412	-	53.967	32.815	48.176	134.958
2007	20.000	14.782	3.940	5.788	5.504	1.391	-	51.405	32.833	48.155	132.393
2008	20.000	16.786	4.000	6.177	5.589	1.413	-	53.965	33.126	47.756	134.847
2009	20.000	16.771	4.000	6.128	5.589	1.414	.220	54.122	31.368	47.773	133.263
2010	20.000	18.525	6.000	6.578	5.589	1.412	.220	58.324	31.995	47.818	138.137
2011	20.000	19.265	6.000	5.273	5.589	1.412	.092	57.631	31.968	47.340	136.939
2012	20.000	18.297	5.998	7.949	5.587	1.411	.063	59.305	31.987	47.153	138.445
2013	20.000	19.211	5.959	7.897	5.551	1.402	.063	60.083	31.935	47.054	139.072
2014	20.000	15.127	6.014	7.946	5.600	1.415	.192	56.294	32.035	46.790	135.119

Source: The above information was obtained from the office of the Sedgwick County Clerk.

**UNIFIED SCHOOL DISTRICT NO. 260, DERBY, KANSAS
PRINCIPAL PROPERTY TAXPAYERS
CURRENT YEAR AND NINE YEARS PRIOR**

TAXPAYER	2005 ASSESSED VALUATION	2014 ASSESSED VALUATION	JUNE 30, 2014
			% OF TOTAL ASSESSED VALUATION
Spirit Aerosystems Inc	\$ -	\$54,883,654	13.98%
Mid-Western Aircraft Systems Inc	47,870,561	44,515,671	11.34%
The Boeing Military Airplane	55,756,166	44,311,284	11.28%
City of Wichita, Various Industrial Revenue Bonds	10,582,925	-	-
Derby Marketplace	-	4,069,700	1.04%
Kansas Gas & Electric-A Westar Energy Co	3,018,904	3,846,989	.98%
Lowes Home Centers, Inc	2,906,757	-	-
Southwestern Bell Telephone	2,769,894	-	-
WalMart Real Estate Business Trust	2,851,298	2,869,550	.73%
Greens at Derby, The	2,810,226	2,227,321	.57%
Chuzzy, Carl Living Trust	2,513,770	-	-
Dillon Companies	-	2,166,788	.55%
Greenberg, Jeffrey S. ETUX	2,090,165	-	-
Target Corporation	-	1,851,750	.47%
Kansas Gas Service –A Division of Oneok	-	1,808,641	.46%
All Others	<u>163,931,181</u>	<u>230,176,205</u>	<u>58.6%</u>
TOTAL	<u>\$297,101,847</u>	<u>\$ 392,727,553</u>	<u>100%</u>

Source: Provided by Sedgwick County Clerk's Office.

**UNIFIED SCHOOL DISTRICT NO. 260, DERBY, KANSAS
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS**

FISCAL YEAR	TOTAL TAX LEVY	CURRENT TAX COLLECTIONS	PERCENT OF LEVY COLLECTED	DELINQUENT TAX COL- LECTIONS (1)	TOTAL TAX COLLECTIONS	PERCENT OF TOTAL TAX COLLECTIONS TO TAX LEVY	TOTAL CURRENT YR OUTSTANDING DELINQUENT TAXES	PERCENT OF DELINQUENT TAXES TO TAX LEVY
2005	14,547,457	14,316,212	98.41%	210,567	14,526,779	99.86%	231,245	1.59%
2006	15,003,002	14,558,160	97.03%	330,954	14,889,114	99.24%	444,842	2.97%
2007	15,686,660	15,376,829	98.02%	218,024	15,594,853	99.41%	309,831	1.98%
2008	16,496,337	16,207,240	98.25%	182,908	16,390,148	99.36%	289,097	1.75%
2009	18,787,638	18,361,649	97.73%	258,956	18,620,605	99.11%	425,989	2.27%
2010	19,893,495	19,235,085	96.69%	414,153	19,649,238	98.77%	658,410	3.31%
2011	22,278,485	21,613,916	97.02%	229,974	21,843,890	98.05%	664,569	2.98%
2012	22,067,209	21,738,070	98.50%	183,278	21,921,348	99.33%	329,139	1.40%
2013	22,482,841	22,338,881	99.36%	180,700	22,514,581	100.00%	143,960	.64%
2014	23,269,560	22,460,503	96.52%	-	22,460,503	96.52%	809,057	3.48%

Source: The above information was obtained from Sedgwick County Treasurer's Office.

(1) County Treasurer's records do not provide a determination of which year the collections in subsequent years is applied to. For this schedule all collections of delinquent taxes are applied to the preceding year.

UNIFIED SCHOOL DISTRICT NO. 260, DERBY, KANSAS
RATIOS OF NET GENERAL BONDED DEBT TO ASSESSED VALUE
TOTAL BONDED DEBT PER CAPITA
NET BONDED DEBT PER PUPIL
LAST TEN YEARS

FISCAL YEAR	POPULA- TION (1)	TOTAL DISTRICT ENROLL- MENT	ASSESSED VALUE	GROSS BONDED DEBT		CAPITAL LEASES AND CERTI- FICATES OF PARTICIPATION	TOTAL DEBT	AMOUNT AVAILABLE FROM DEBT SERVICE FUND	NET BONDED DEBT	RATIO OF NET BONDED DEBT TO ASSESSED VALUE	TOTAL DEBT PER CAPITA	NET BONDED DEBT PER PUPIL	TOTAL DEBT AS A PERCENTAGE OF PERSONAL INCOME
2005	43,050	6,653	297,101,847	24,310,000	(2)	376,163	24,686,163	3,712,159	20,597,844	6.9%	573	3,096	.15%
2006	43,076	6,576	299,547,296	21,840,000	(2)	281,249	22,121,249	3,719,461	18,120,539	6.1%	574	2,756	.12%
2007	43,125	6,556	330,850,865	19,205,000	(2)	172,127	19,377,127	3,658,642	15,546,358	4.7%	449	2,371	.08%
2008	43,556	6,384	357,299,259	16,585,000	(2)	74,374	16,659,374	3,439,822	13,145,178	3.7%	382	2,059	.09%
2009	43,992	6,483	376,719,530	13,765,000	(2)	2,799,774	16,564,774	3,270,419	10,494,581	2.8%	377	1,619	.09%
2010	44,437	6,624	391,095,940	10,745,000		2,359,971	13,104,971	3,118,078	7,626,922	2.0%	295	1,151	.07%
2011	44,500	6,790	391,873,566	7,390,000		1,901,909	9,291,909	2,978,266	4,411,734	1.1%	209	650	.05%
2012	44,525	6,717	397,940,882	4,620,000		2,227,783	6,847,783	2,864,462	1,755,538	0.4%	154	261	*
2013	45,860	6,866	396,419,884	63,175,000		2,360,406	65,535,406	3,340,724	59,834,276	15.1%	1,429	8,715	*
2014	47,236	6,953	392,727,553	64,820,000		3,442,981	68,262,981	3,497,704	64,765,277	16.5%	1,445	9,315	*

Source: The above information was obtained from the Unified School District No. 260 financial records and the office of the Sedgwick County Clerk.

(1) Estimate of district population.

(2) Excludes crossover refunded debt of \$7,610,000.

*Information not available.

**UNIFIED SCHOOL DISTRICT NO. 260, DERBY, KANSAS
RATIOS OF ANNUAL DEBT SERVICE EXPENDITURES FOR
GENERAL BONDED DEBT TO TOTAL GENERAL EXPENDITURES
AND GENERAL BONDED DEBT TO TOTAL GENERAL EXPENDITURES
LAST TEN FISCAL YEARS**

FISCAL YEAR	PRINCIPAL	INTEREST		TOTAL DEBT SERVICE	GENERAL BONDED DEBT	TOTAL GENERAL EXPENDITURES (1)	RATIO OF DEBT SERVICE TO TOTAL GENERAL EXPENDITURES	RATIO OF GENERAL BONDED DEBT TO TOTAL GENERAL EXPENDITURES
2005	2,305,000	1,244,690	(2)	3,549,690	24,310,000	54,765,226	.06	.44
2006	2,470,000	1,131,851	(2)	3,601,851	21,840,000	59,219,782	.06	.37
2007	2,635,000	1,012,151	(2)	3,647,151	19,205,000	64,139,325	.06	.30
2008	2,620,000	891,613	(2)	3,511,613	16,585,000	66,834,921	.05	.25
2009	2,820,000	763,298	(2)	3,583,298	13,765,000	75,159,762	.05	.18
2010	3,020,000	(3) 558,975	(2)	3,578,975	10,745,000	74,933,834	.05	.14
2011	3,355,000	356,295		3,711,295	7,390,000	69,565,654	.05	.11
2012	2,770,000	237,965		3,007,965	4,620,000	70,138,985	.04	.07
2013	3,195,000	2,133,728		5,328,728	63,175,000	75,099,735	.07	.84
2014	1,655,000	2,697,038		4,352,038	64,820,000	100,617,770	.04	.64

Source: The above information was obtained from Unified School District No. 260 financial records.

(1) Includes general, special revenue, debt service and capital project funds of primary government only.

(2) Excludes payments by escrow agent totaling \$114,202 in 2005, \$279,400 in 2006, 2007, 2008, 2009 and \$139,700 in 2010.

(3) Excludes payments by escrow agent totaling \$7,610,000 in 2010.

**UNIFIED SCHOOL DISTRICT NO. 260, DERBY, KANSAS
COMPUTATION OF LEGAL DEBT MARGIN
JUNE 30, 2014**

2014 Assessed valuation of taxable tangible property	\$392,727,553
Assessed valuation of motor vehicles	<u>38,448,705</u>
Equalized assessed tangible valuation for computation of bonded debt limit	<u>\$431,176,258</u>
2014 debt limit – 14%	\$ 60,364,676
State Board of Education Exemption Authority	<u>11,259,408</u>
Total legal debt authority	71,624,084
Less:	
Total bonded debt	<u>64,820,000</u>
Legal additional debt limit	<u>\$ 6,804,084</u>

Source: Assessed valuation obtained from Sedgwick County Treasurer

KSA 72-6761; 1997 Suppl. establishes authority for USD's to have bonded indebtedness of 14% of their equalized assessed valuation (total assessed valuation plus assessed motor vehicle valuation). USD's may apply to the Kansas State Board of Education to exceed the 14% limitation.

**UNIFIED SCHOOL DISTRICT NO. 260, DERBY, KANSAS
LEGAL DEBT MARGIN INFORMATION
LAST TEN YEARS**

	FISCAL YEAR									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Debt Limit	\$ 46,186,421	\$ 46,700,952	\$ 51,278,251	\$ 55,164,757	\$ 51,564,398	\$ 59,964,520	\$ 60,000,592	\$ 60,777,687	\$ 71,970,295	\$ 71,624,084
Total net debt applicable to limit	<u>24,310,000</u>	<u>21,840,000</u>	<u>19,205,000</u>	<u>16,585,000</u>	<u>13,765,000</u>	<u>10,745,000</u>	<u>7,390,000</u>	<u>4,620,000</u>	<u>63,175,000</u>	<u>64,820,000</u>
Legal Debt Margin	<u>\$ 21,876,421</u>	<u>\$ 24,860,952</u>	<u>\$ 32,073,251</u>	<u>\$ 38,579,757</u>	<u>\$ 37,799,398</u>	<u>\$ 49,219,520</u>	<u>\$ 52,610,592</u>	<u>\$ 56,157,687</u>	<u>\$ 8,795,295</u>	<u>\$ 6,804,084</u>
Total net debt applicable to the limit As a percentage of debt limit	52.63%	46.77%	37.45%	30.06%	26.69%	17.92%	12.32%	7.6%	87.8%	90.5%

Source: Prior year annual reports, Derby Unified School District No 260.

**UNIFIED SCHOOL DISTRICT NO. 260, DERBY, KANSAS
COMPUTATION OF DIRECT AND OVERLAPPING DEBT COMPARISON
CURRENT YEAR AND NINE YEARS AGO**

GOVERNMENT UNITS	JUNE 30, 2005			JUNE 30, 2014		
	PRINCIPAL AMOUNT OF DEBT OUTSTANDING	% APPLICABLE TO TAXPAYERS OF USD NO 260(1)	TOTAL DIRECT AND OVERLAPPING DEBT	PRINCIPAL AMOUNT OF DEBT OUTSTANDING	% APPLICABLE TO TAXPAYERS OF USD NO 260(1)	TOTAL DIRECT AND OVERLAPPING DEBT
Sedgwick County, KS	\$ 121,028,884	8.29%	\$ 10,033,294	\$ 64,055,000	9.03%	\$ 5,784,167
City of Derby, KS	67,700,000	100.00%	67,700,000	61,275,000	46.79%	28,670,573
City of Wichita, KS	-	-	-	480,004,999	5.37%	25,776,268
Total Other Government Agencies	188,728,884		77,733,294	605,334,999		60,231,008
Unified School District, Derby , KS	<u>24,310,000</u>	100.00%	<u>24,310,000</u>	<u>64,820,000</u>	100.00 %	<u>64,820,000</u>
Total	<u>\$ 213,038,884</u>		<u>\$102,043,294</u>	<u>\$ 670,154,999</u>		<u>\$ 125,051,008</u>

Source: The above information was obtained from the Sedgwick County, Kansas Clerk's Office.

(1) Allocation based on assessed valuation of Derby USD 260 portion of the total assessed valuation for the governmental unit.

UNIFIED SCHOOL DISTRICT NO. 260, DERBY, KANSAS
DEMOGRAPHIC STATISTICS (1)
LAST TEN FISCAL YEARS

Site (Year Opened 19XX)	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Derby High School (93)										
Square Feet	350,000	350,000	350,000	350,000	350,000	350,000	350,000	350,000	350,000	351,277
Capacity (students)	2,400	2,400	2,400	2,400	2,400	2,400	2,400	2,400	2,400	2,400
Enrollment	2,155	2,120	2,179	2,116	2,040	1,958	1,831	1,891	1,900	1,916
Derby Middle School (59)										
Square Feet	179,141	179,141	179,141	179,141	179,141	179,141	179,141	179,141	179,141	193,300
Capacity (students)	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200
Enrollment	1,095	1,032	1,004	1,003	987	943	959	966	1,029	1,056
Derby Sixth Grade Center (52)										
Square Feet	154,627	154,627	154,627	154,627	154,627	154,627	154,627	154,627	154,627	154,627
Capacity (students)	501	501	501	501	501	501	501	501	501	501
Enrollment	510	518	501	462	487	495	572	512	547	517
Alternative High School (54)										
Square Feet	49,349	49,349	49,349	49,349	49,349	49,349	49,349	49,349	49,349	49,349
Capacity (students)	80	80	80	80	80	80	80	80	80	80
Enrollment	-	-	-	-	-	-	-	-	-	-
Carlton Learning Center (92)										
Square Feet	55,000	55,000	55,000	55,000	55,000	55,000	55,000	55,000	55,000	55,000
Capacity (students)	300	300	300	300	300	300	300	300	300	300
Enrollment (2)	-	-	-	-	-	-	-	-	-	-
Cooper Elementary (54)										
Square Feet	39,449	39,449	39,449	39,449	39,449	39,449	48,819	48,819	48,819	48,819
Capacity (students)	304	304	304	304	304	304	304	304	304	304
Enrollment	285	302	305	281	311	316	309	346	321	348
Derby Hills Elementary (85)										
Square Feet	52,800	52,800	52,800	52,800	52,800	52,800	52,800	52,800	52,800	59,735
Capacity (students)	456	456	456	456	456	456	456	456	456	596
Enrollment	379	369	400	352	386	401	382	415	404	421
El Paso Elementary (66)										
Square Feet	53,195	53,195	53,195	53,195	53,195	53,195	53,195	53,195	53,195	49,960
Capacity (students)	456	456	456	456	456	456	456	456	456	484
Enrollment	374	370	354	381	348	394	411	402	392	425
Oaklawn Elementary (55)										
Square Feet	42,957	42,957	42,957	42,957	42,957	42,957	42,957	42,957	42,957	49,149
Capacity (students)	304	304	304	304	304	304	304	304	304	416
Enrollment	238	212	202	215	232	282	239	205	237	283
Park Hill Elementary (2002)										
Square Feet	52,000	52,000	52,000	52,000	52,000	52,000	52,000	52,000	52,000	52,000
Capacity (students)	456	456	456	456	456	456	456	456	456	456
Enrollment	308	353	346	339	345	411	406	379	383	380
Pleasantview Elementary (55)										
Square Feet	43,559	43,559	43,559	43,559	43,559	43,559	43,559	43,559	43,559	43,559
Capacity (students)	304	304	304	304	304	304	304	304	304	304
Enrollment	270	284	289	277	305	338	290	284	280	275
Swaney Elementary (55)										
Square Feet	67,645	67,645	67,645	67,645	67,645	67,645	67,645	67,645	67,645	64,773
Capacity (students)	456	456	456	456	456	456	456	456	456	444
Enrollment	294	312	324	306	307	311	315	313	342	315
Tanglewood Elementary (81)										
Square Feet	56,890	56,890	56,890	56,890	56,890	56,890	56,890	56,890	56,890	56,890
Capacity (students)	456	456	456	456	456	456	456	456	456	456
Enrollment	285	289	287	300	339	361	401	428	634	690
Wineteer Elementary (59)										
Square Feet	61,330	61,330	61,330	61,330	61,330	61,330	61,330	61,330	61,330	61,330
Capacity (students)	512	512	512	512	512	512	512	512	512	512
Enrollment	460	415	400	396	412	414	411	407	447	438
Administration Center (63)										
Square Feet	8,901	8,901	8,901	8,901	8,901	8,901	8,901	8,901	8,901	8,901
Educational Support Center (75)										
Square Feet	18,225	18,225	18,225	18,225	18,225	18,225	18,225	18,225	18,225	18,225
Service Center (68)										
Square Feet	31,336	31,336	31,336	31,336	31,336	31,336	31,336	31,336	31,336	31,336

Note: Year of original construction is shown in parentheses. Increases in square footage and capacity are the result of renovations and additions.

Source: The above information was obtained from USD No. 260 State Audit and the District Facilities Office.

(1) Based on September 20th head count at district attendance centers.

(2) Carlton Learning Center closed June 30, 2002 with the opening of Park Hill Elementary.

UNIFIED SCHOOL DISTRICT NO. 260, DERBY, KANSAS
PRINCIPAL EMPLOYERS
CURRENT YEAR AND NINE YEARS AGO

Major Employers	Product/Service	2006 (1)			2014		
		Employees	Rank	%	Employees	Rank	%
USD #260	Education	1,173	1	44.4%	1,134	1	40.0%
Dillons	Grocery	200	3	7.6%	360	2	12.7%
Walmart	Retail Sales	521	2	19.7%	302	3	10.7%
City of Derby	Government	148	5	5.6%	181	4	6.4%
Lowe's Home Improvement	Retail Sales	200	4	7.6%	140	5	4.9%
Walmart Financial	Insurance Claims	-	-	-	130	6	4.6%
Target	Retail Sales	-	-	-	100	7	3.5%
Kohl's	Retail Sales	-	-	-	91	8	3.2%
Derby Family Medical Center	Health Care	60	8	2.3%	89	9	3.1%
Westview Manor	Senior Housing	117	6	4.4%	73	10	2.7%
Neighborhood Walmart	Grocery	-	-	-	65	11	2.3%
BRG Precision Products	Manufacturing	-	-	-	43	12	1.5%
Q Corporation	Manufacturing	-	-	-	40	13	1.4%
Verus Bank	Banking	-	-	-	33	14	1.2%
Walgreens	Retail	-	-	-	29	15	1.0%
Hampton Inn	Hotel	-	-	-	18	16	.64%
Food Barn	Grocery	-	-	-	-	-	-
Commerce Bank	Banking	-	-	-	7	17	.25%
Data Net	Insurance Claims	115	7	4.3%			
Mid-Continent Controls	Manufacturing	48	9	1.8%			
Family Health Center	Health Care	32	10	1.2%			
ENCO of Kansas	Manufacturing	30	11	1.1%			

Major Restaurant Employers	Product/Service	2006 (1)			2014		
		Employees	Rank	%	Employees	Rank	%
Olive Garden	Restaurant	-	-	-	85		16.5%
Village Inn	Restaurant	90	3	21.7%	80		15.6%
Buffalo Wild Wings	Restaurant	-	-	-	57		11.1%
Rib Crib	Restaurant	65	4	15.7%	51		9.9%
Applebees	Restaurant	155	1	37.3%	48		9.3%
McDonald's	Restaurant	105	2	25.3%	45		8.7%
Freddy's Frozen Custard	Restaurant	-	-	-	39		7.6%
Panera	Restaurant	-	-	-	32		6.2%
Riverside Café	Restaurant	-	-	-	30		5.8%
Los Cocos	Restaurant	-	-	-	25		4.9%
Spangles	Restaurant	-	-	-	23		4.5%

Source: City Clerk, Derby, Kansas.

(1) Information for 2005 was not available. Numbers reflect statistics in 2006.

UNIFIED SCHOOL DISTRICT NO. 260, DERBY, KANSAS
STAFF/STUDENT INFORMATION BY BUILDING
LAST TEN FISCAL YEARS

Site	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Derby High School										
Certified Instructional Staff FTE	106.7	108.5	102.9	111.8	110.7	102.7	98.7	98.1	100.8	97.2
Special Education Instructional FTE	20.5	20.2	18.5	19.5	20.0	19.5	18.9	17.3	16.5	16.5
Certified Non-Instructional Staff FTE	15.0	13.0	15.0	14.0	18.5	17.0	16.0	11.0	5.5	5.0
Enrollment	2,165	2,132	2,184	2,123	2,051	1,983	1842	1891	1900	1916
Number Free and Reduced Students	617	521	571	523	584	635	642	695	762	920
Percent of Free/Reduced to Total Students	28.5%	24.4%	24.1%	24.6%	28.5%	32.0%	34.9%	37.0%	40.1%	48.0%
Student Teacher Ratio	20:1	20:1	21:1	19:1	19:1	19:1	19:1	19:1	19:1	20:1
Derby Middle School										
Certified Instructional Staff FTE	57.0	56.4	58.4	60.4	60.9	56.9	62.5	56.4	58.4	60.4
Special Education Instructional FTE	12.4	13.8	15.6	18.0	17.0	14.0	13.0	13.0	9.0	8.0
Certified Non-Instructional Staff FTE	7.0	6.0	6.0	6.0	6.0	6.0	6.1	5.0	3.3	3.0
Enrollment	1,096	1,033	1,004	1,003	989	947	959	966	1029	1056
Number Free and Reduced Students	339	323	314	331	331	381	444	452	457	498
Percent of Free/Reduced to Total Students	30.9%	31.3%	31.3%	33.0%	33.5%	40.2%	46.3%	46.8%	44.4%	47.2%
Student Teacher Ratio	19:1	18:1	17:1	17:1	16:1	17:1	15:1	17:1	18:1	17:1
Derby Sixth Grade Center										
Certified Instructional Staff FTE	37.8	29.4	30.6	31.0	32.5	34.5	34.5	29.5	31.5	33.5
Special Education Instructional FTE	7.0	6.4	8.2	7.0	6.0	4.0	4.0	6.0	5.5	5.5
Certified Non-Instructional Staff FTE	5.0	3.0	3.0	3.0	3.0	3.0	2.5	3.5	2.3	3.0
Enrollment	511	518	501	462	487	498	573	512	547	517
Number Free and Reduced Students	164	176	178	130	206	222	229	252	268	255
Percent of Free/Reduced to Total Students	32.1%	34.0%	35.5%	28.1%	43.3%	44.6%	40%	49.3%	48.9%	49.3%
Student Teacher Ratio	14:1	18:1	16:1	15:1	15:1	14:1	16:1	17:1	17:1	18:1
Cooper Elementary										
Certified Instructional Staff FTE	23.5	25.0	27.7	27.6	28.7	26.5	26.5	25.3	28.4	31.37
Special Education Instructional FTE	3.0	3.5	2.6	3.0	3.0	3.0	3.0	6.2	3.1	3.1
Certified Non-Instructional Staff FTE	3.1	3.6	2.0	2.0	2.0	2.0	1.5	1.5	1.1	1.0
Enrollment	288	308	307	285	312	317	309	346	321	348
Number Free and Reduced Students	258	242	272	249	263	294	270	281	283	294
Percent of Free/Reduced to Total Students	89.6%	78.6%	88.6%	87.4%	84.3%	92.74%	87.4%	88.4%	88.2%	84.5%
Student Teacher Ratio	21:1	12:1	11:1	10:1	11:1	12:1	12:1	13:1	11:1	11:1
Derby Hills Elementary										
Certified Instructional Staff FTE	21.0	21.9	22.8	21.8	21.7	22.1	22.1	21.6	23.7	22.8
Special Education Instructional FTE	5.0	5.8	4.5	4.3	3.9	3.9	3.9	4.7	3.6	3.6
Certified Non-Instructional Staff FTE	2.0	2.0	2.0	2.0	2.0	2.0	1.5	1.5	.9	1.0
Enrollment	379	369	400	352	387	402	382	415	404	421
Number Free and Reduced Students	65	59	82	70	95	104	101	133	133	106
Percent of Free/Reduced to Total Students	17.2%	16.0%	20.5%	19.9%	24.6%	25.9%	26.4%	28.0%	32.9%	25.2%
Student Teacher Ratio	18:1	17:1	17:1	16:1	18:1	18:1	17:1	19:1	17:1	18:1
El Paso Elementary										
Certified Instructional Staff FTE	26.5	23.2	24.2	25.2	25.7	23.0	23.0	24.5	25.5	26.5
Special Education Instructional FTE	2.9	1.8	1.8	1.2	1.4	2.4	1.9	2.3	2.2	2.2
Certified Non-Instructional Staff FTE	2.0	2.0	2.0	2.0	2.0	2.0	2.0	1.5	1.1	1.1
Enrollment	374	370	354	382	376	394	411	402	392	425
Number Free and Reduced Students	115	128	106	140	153	174	200	203	203	208
Percent of Free/Reduced to Total Students	30.8%	34.6%	29.9%	36.7%	40.7%	44.2%	48.7%	50.5%	51.8%	48.9%
Student Teacher Ratio	14:1	16:1	15:1	15:1	15:1	17:1	18:1	16:1	15:1	16:1

Source: Kansas Department of Education.

**UNIFIED SCHOOL DISTRICT NO. 260, DERBY, KANSAS
STAFF/STUDENT INFORMATION BY BUILDING
LAST TEN FISCAL YEARS**

Site		2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Oaklawn Elementary											
Certified Instructional Staff FTE		21.2	20.2	23.1	22.6	20.7	21.6	21.6	21.4	22.0	22.7
Special Education Instructional FTE		4.0	4.0	3.1	3.0	4.0	3.0	4.0	4.2	2.7	3.7
Certified Non-Instructional Staff FTE		2.9	2.9	2.0	2.0	3.0	2.0	1.5	2.5	.9	1.0
Enrollment		238	212	202	217	233	289	240	238	237	283
Number Free and Reduced Students		206	178	174	183	195	221	211	205	206	221
Percent of Free/Reduced to Total Students		86.6%	84.0%	86.1%	84.3%	83.7%	76.5%	87.9%	86.1%	86.9%	78.1%
Student Teacher Ratio		11:1	11:1	9:1	10:1	11:1	13:1	11:1	10:1	11:1	12:1
Park Hill Elementary											
Certified Instructional Staff FTE	(1)	16.7	20.7	18.7	20.7	20.2	21.2	21.2	21.1	22.1	24.1
Special Education Instructional FTE		10.6	6.5	3.6	4.6	2.6	3.4	3.4	2.4	3.6	3.6
Certified Non-Instructional Staff FTE		3.0	2.0	2.0	2.0	2.0	2.0	1.5	1.5	1.3	2.0
Enrollment		308	353	346	340	345	411	406	379	383	380
Number Free and Reduced Students		50	60	57	51	49	94	89	82	66	81
Percent of Free/Reduced to Total Students		16.2%	17.0%	16.5%	15.0%	14.2%	22.9%	21.9%	21.9%	17.2%	21.3%
Student Teacher Ratio		18:1	17:1	19:1	16:1	17:1	19:1	19:1	18:1	17:1	16:1
Pleasantview Elementary											
Certified Instructional Staff FTE		15.2	17.7	19.1	19.2	19.1	20.1	20.1	19.9	19.1	19.1
Special Education Instructional FTE		3.9	3.5	3.5	3.1	2.2	3.7	3.7	1.4	1.7	2.7
Certified Non-Instructional Staff FTE		2.4	2.9	2.0	2.0	2.0	2.0	1.5	1.5	.9	.9
Enrollment		271	284	289	278	305	339	290	284	280	275
Number Free and Reduced Students		106	119	115	109	143	172	171	184	181	174
Percent of Free/Reduced to Total Students		39.1%	41.9%	39.8%	39.2%	46.9%	50.7%	59.0%	64.8%	64.6%	63.3%
Student Teacher Ratio		18:1	16:1	15:1	15:1	16:1	16:1	14:1	14:1	15:1	14:1
Swaney Elementary											
Certified Instructional Staff FTE		16.0	18.0	19.7	19.9	20.1	19.0	19.0	18.4	18.6	18.5
Special Education Instructional FTE		3.6	2.6	4.6	5.4	4.4	5.4	5.4	5.3	5.2	4.2
Certified Non-Instructional Staff FTE		2.0	2.0	2.0	2.0	2.0	2.0	1.5	1.5	.7	.7
Enrollment		295	312	324	306	307	311	315	313	342	315
Number Free and Reduced Students		104	114	138	128	135	148	159	153	176	165
Percent of Free/Reduced to Total Students		35.3%	36.5%	42.6%	41.8%	44.0%	47.6%	50.4%	48.9%	51.5%	52.4%
Student Teacher Ratio		18:1	17:1	16:1	15:1	15:1	16:1	16:1	17:1	18:1	17:1
Tanglewood Elementary											
Certified Instructional Staff FTE		15.8	15.7	16.6	16.8	20.2	20.1	20.1	22.1	22.1	21.1
Special Education Instructional FTE		4.6	5.0	3.6	3.8	3.7	3.7	3.7	4.4	4.6	4.6
Certified Non-Instructional Staff FTE		2.9	2.0	2.0	2.0	2.0	2.0	1.5	1.0	.7	1.0
Enrollment		285	290	287	300	340	363	401	428	634	690
Number Free and Reduced Students		58	58	49	61	83	97	129	153	136	151
Percent of Free/Reduced to Total Students		20.4%	20.0%	17.1%	20.3%	24.4%	26.7%	32.2%	35.7%	21.5%	21.9%
Student Teacher Ratio		18:1	19:1	17:1	18:1	17:1	18:1	19:1	19:1	29:1	33:1
Winetear Elementary											
Certified Instructional Staff FTE		25.9	26.7	27.3	29.8	31.3	30.8	30.8	26.8	30.3	29.3
Special Education Instructional FTE		3.5	3.1	2.2	3.0	3.2	3.2	3.2	5.5	4.2	5.2
Certified Non-Instructional Staff FTE		2.6	2.6	2.0	2.0	2.0	2.0	1.5	2.0	.9	2.0
Enrollment		461	416	400	396	412	417	412	407	447	438
Number Free and Reduced Students		175	153	157	164	178	191	212	219	243	247
Percent of Free/Reduced to Total Students		38.0%	36.8%	39.3%	41.4%	43.2%	45.8%	51.4%	53.8%	54.4%	56.4%
Student Teacher Ratio		18:1	16:1	15:1	13:1	13:1	14:1	13:1	15:1	15:1	15:1

Source: Kansas State Department of Education.

(1) Park Hill Elementary opened with the closing of Carlton Learning Center, June 30, 2002.

UNIFIED SCHOOL DISTRICT NO. 260, DERBY, KANSAS
MISCELLANEOUS STATISTICS
JUNE 30, 2014

Date of organization		1872	
Form of Government		Seven Member Board	
Area		50 square miles	
Education			
Pre-kindergarten through twelfth		175.5 days	
Special Education		175.5 days	
Vocational Education		175.5 days	
English Speakers of Other Languages		175.5 days	
Driver Training		Summer School	
Summer School		4 weeks	
Support Centers		Athletic Facilities	
Laundry	1	Stadiums	2
Warehouse	1	Tennis Courts	2
Service Center	1	Baseball Diamond	1
Maintenance Center	1	Gymnasiums	5
Central Kitchen	1	Track	2
Educational Support Center	1		
Administrative Center	1		
Employees		Transportation	
Administration	38	Buses	69
Certified	528	Vans	31
Classified	456	Trucks	24
Bus Drivers	50	Automobiles	2

Source: The above information was obtained from Unified School District No. 260 Business Office.

**UNIFIED SCHOOL DISTRICT NO. 260, DERBY, KANSAS
OTHER OPERATING STATISTICS
LAST TEN FISCAL YEARS**

YEAR	EXPENSES	ENROLLMENT	COST PER PUPIL	PERCENTAGE CHANGE	TEACHING STAFF	PUPIL/ TEACHER RATIO (1)	STUDENT ATTENDANCE PERCENTAGE
2005	51,613,414	6,653	7,758	1.97%	515	13:1	95%
2006	60,162,739	6,576	9,148	17.92%	526	13:1	94%
2007	63,564,523	6,556	9,696	5.99%	535	12:1	94%
2008	66,834,921	6,384	10,469	7.97%	539	12:1	94%
2009	75,159,762	6,483	11,593	10.74%	544	12:1	94%
2010	74,933,834	6,624	11,312	(2.4)%	549	12:1	94%
2011	69,565,654	6,790	10,245	(9.1)%	537	13:1	94%
2012	70,138,985	6,717	10,442	1.92%	538	12:1	94%
2013	75,099,735	6,866	10,938	4.75%	545	13:1	94%
2014	100,617,770	6,953	14,471	32.30%	528	13:1	93%

Source: School District Financial Records.

(1) Enrollment divided by pupil/teacher ratio rounded to the nearest whole number

**UNIFIED SCHOOL DISTRICT NO. 260, DERBY, KANSAS
ECONOMIC STATISTICS
LAST TEN FISCAL YEARS**

YEAR	SEDGWICK COUNTY POPULATION		PERSONAL INCOME (1)	PER CAPITA PERSONAL INCOME	SEDGWICK COUNTY UNEMPLOYMENT RATE
2005	466,061	*	16,175,401	35,547	6.0%
2006	470,895	*	18,211,277	38,803	4.9%
2007	469,321	*	22,950,694	38,911	4.4%
2008	476,026	*	19,218,845	38,780	4.3%
2009	485,863	*	19,296,648	39,847	8.7%
2010	490,864	*	18,695,650	39,312	8.8%
2011	494,241	*	19,368,100	38,653	8.0%
2012	498,365	*	20,671,720	41,024	7.0%
2013	503,889	*	(2)	(2)	6.4%
2014	505,415	*	(2)	(2)	(2)

Source: Kansas Statistical Abstract, State of Kansas. All information based on Sedgwick County statistics.

* Designates an estimate

(1) Expressed in thousands of dollars.

(2) 2013 and 2014 information not available at this time.

UNIFIED SCHOOL DISTRICT NO 260, DERBY KANSAS
BACHELOR'S TEACHERS SALARIES SCHEDULE AND FTE
BY RANGE AND STEP FOR 2013-14

STEP	B	FTE	B+10	FTE	B+20	FTE	B+30	FTE	B+40	FTE
1.5	38,769	46.0	39,338	6.0	39,936	2.0	40,505	1.0	41,051	1.0
2	39,098	3.0	39,716	0.0	40,392	0.0	41,011	0.0	41,582	1.0
2.5	39,428	1.0	40,095	6.0	40,849	1.0	41,516	0.0	42,114	1.0
3	39,757	0.0	40,473	1.0	41,305	1.0	42,021	1.0	42,645	0.0
3.5	40,086	1.0	40,852	4.0	41,761	3.0	42,527	0.0	43,177	0.0
4	40,416	0.0	41,230	0.0	42,218	0.0	43,032	0.0	43,708	0.0
4.5	40,745	0.0	41,609	2.0	42,674	1.0	43,538	0.0	44,240	0.0
5	41,074	2.0	41,987	0.0	43,131	0.0	44,043	1.0	44,771	0.0
5.5	41,403	0.0	42,365	1.0	43,587	5.0	44,549	1.0	45,303	4.0
6	41,733	4.0	42,743	1.0	44,043	1.0	45,054	0.0	45,834	1.0
6.5	42,062	0.0	43,122	2.0	44,499	2.0	45,560	1.0	46,366	3.0
7	42,391	0.0	43,500	0.0	44,956	0.0	46,065	0.0	46,897	0.0
7.5	42,721	0.0	43,878	0.0	45,412	2.0	46,571	3.0	47,429	6.0
8	43,050	0.0	44,257	0.0	45,869	0.0	47,076	0.0	47,960	1.0
8.5	43,379	0.0	44,635	0.0	46,325	0.0	47,582	1.0	48,492	7.0
9	43,708	0.0	45,014	0.0	46,781	0.0	48,087	0.0	49,023	0.0
9.5	44,038	0.0	45,392	0.0	47,238	2.0	48,593	2.0	49,555	7.0
10	44,367	0.0	45,771	0.0	47,694	0.0	49,098	0.0	50,086	0.0
10.5	44,696	0.0	46,149	0.0	48,151	0.0	49,604	1.0	50,618	7.0
11	45,025	0.0	46,527	0.0	48,607	0.0	50,109	0.0	51,149	0.0
11.5	45,355	0.0	46,906	0.0	49,063	0.0	50,614	0.0	51,681	3.0
12	45,684	4.0	47,284	4.0	49,520	2.0	51,120	6.0	52,212	29.0
Total FTE by Range:		61.0		27.0		22.0		18.0		71.0
						Total Bachelors				178.0

Average Teacher's Salary

\$49,005

UNIFIED SCHOOL DISTRICT NO 260, DERBY KANSAS
MASTER'S TEACHERS SALARIES SCHEDULE AND FTE
BY RANGE AND STEP FOR 2013-14

STEP	M	FTE	M+10	FTE	M+20	FTE	M+30	FTE	M+40	FTE	M+50	FTE	M+60/ Doctorate	FTE
1.5	42,312	6.0	42,934	1.0	43,483	1.0	44,003	0.0	44,554	0.0	45,075	0.0	45,718	0.0
2	42,949	3.0	43,673	1.0	44,251	0.0	44,771	0.0	45,354	1.0	45,875	0.0	46,643	0.0
2.5	43,586	2.0	44,413	6.0	45,020	0.0	45,540	0.0	46,155	0.0	46,675	0.0	47,567	0.0
3	44,223	1.0	45,152	1.0	45,788	0.0	46,308	0.0	46,955	1.0	47,475	0.0	48,492	1.0
3.5	44,861	1.0	45,892	3.0	46,556	2.0	47,076	0.0	47,755	2.0	48,275	0.0	49,416	0.0
4	45,498	1.0	46,632	0.0	47,325	0.0	47,844	0.0	48,555	0.0	49,075	0.0	50,340	0.0
4.5	46,135	7.0	47,371	3.0	48,093	1.0	48,613	0.0	49,355	0.0	49,875	0.0	51,264	1.0
5	46,772	6.0	48,110	2.0	48,861	0.0	49,381	1.0	50,155	0.0	50,675	0.0	52,189	1.0
5.5	47,410	4.0	48,850	10.0	49,630	5.0	50,150	3.0	50,955	2.0	51,475	2.0	53,113	3.0
6	48,047	0.0	49,589	1.0	50,398	0.0	50,918	0.0	51,756	0.0	52,275	1.0	54,037	1.0
6.5	48,684	2.0	50,328	7.0	51,166	3.0	51,686	4.0	52,556	1.0	53,075	1.0	54,962	1.0
7	49,321	1.0	51,068	1.0	51,935	0.0	52,454	0.0	53,356	0.0	53,876	1.0	55,886	0.0
7.5	49,958	3.0	51,807	4.0	52,703	1.0	53,223	2.0	54,156	5.0	54,676	3.0	56,810	5.0
8	50,595	0.0	52,547	1.0	53,471	1.0	53,991	0.0	54,956	0.0	55,476	0.0	57,735	0.0
8.5	51,233	1.0	53,286	5.0	54,240	4.0	54,760	6.0	55,756	4.0	56,276	1.0	58,659	5.0
9	51,870	0.0	54,026	2.0	55,008	0.0	55,528	0.0	56,556	1.0	57,076	0.0	59,583	1.0
9.5	52,509	2.0	54,765	2.0	55,777	0.0	56,296	1.0	57,356	1.0	57,876	2.0	60,507	10.0
10	53,148	0.0	55,505	0.0	56,545	0.0	57,064	0.0	58,156	1.0	58,676	0.0	61,432	0.0
10.5	54,167	0.0	56,244	1.0	57,313	4.0	57,833	3.0	58,956	2.0	59,477	7.0	62,356	7.0
11	55,187	0.0	56,984	0.0	58,081	0.0	58,601	0.0	59,756	0.0	60,277	0.0	63,281	0.0
11.5	56,206	2.0	57,723	3.0	58,850	2.0	59,370	2.0	60,557	2.0	61,077	1.0	64,205	14.0
12	57,226	3.0	58,463	1.0	59,618	8.0	60,138	5.0	61,357	11.0	61,876	8.0	65,129	51.0
Total FTE by Range:		45.0		55.0		32.0		27.0		34.0		27.0		101.0
													Total Masters Teachers	256.0

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SINGLE AUDIT SECTION

DERBY UNIFIED SCHOOL DISTRICT NO. 260

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
(continued on next page)

Year ended June 30, 2014

<u>Federal Grantor/Pass Through Grantor/Program Title</u>	<u>Federal CFDA number</u>	<u>Expenditures</u>
U.S. Department of Education:		
Direct programs:		
Impact Aid - School Assistance in Federally Affected Areas	84.041	\$ <u>334,716</u>
Department of Health and Human Services:		
Direct programs:		
Health Resources and Services Administration – Affordable Care Act (ACA) Grants for School-Based Health Centers Capital Program	93.501	<u>464,532</u>
Passed Through Kansas State Department of Education:		
Department of Education:		
Elementary and Secondary Education Act:		
Title I Grants to Local Educational Agencies:		
FY 13-14	84.010	605,649
FY 12-13	84.010	215,326
Individuals with Disabilities Education Act, Part B:		
Special Education - Grants to States:		
FY 13-14	84.027	1,250,246
FY 12-13	84.027	50,609
Carl Perkins Vocational Education Act:		
Vocational Education - Basic Grants to States:		
Secondary, Postsecondary and Adult – Title II Part C:		
Program Improvement:		
FY 13-14	84.048	49,941
FY 13-14 (Perkins Reserve Grant)	84.048	2,000
Special Education - Preschool Grants	84.173	23,578
English Language Acquisition FY 13-14	84.365	20,568
Improving Teacher Quality State Grants – Title II Part A		
FY 13-14	84.367	108,096
FY 12-13	84.367	52,703
Title VI – State Assessments	84.369	<u>274</u>
Total Department of Education passed through Kansas State Department of Education		<u>2,378,990</u>
Passed through Kansas Board of Regents:		
Department of Education:		
Carl Perkins Vocational Education Act:		
Vocational Education - Basic Grants to States:		
Car D. Perkins Career and Technical Education Act of 2006 (Perkins IV):		
Career Ready Kansas – Perkins Reserve Funds 13-14	84.048	<u>33,678</u>

DERBY UNIFIED SCHOOL DISTRICT NO. 260

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
(continued from previous page)

Year ended June 30, 2014

<u>Federal Grantor/Pass Through Grantor/Program Title</u>	<u>Federal CFDA number</u>	<u>Expenditures</u>
U.S. Department of Agriculture:		
Passed Through Kansas State Department of Education:		
School Breakfast Program	10.553	\$ 214,710
National School Lunch Program	10.555	1,581,691
Summer Food Service Program for Children	10.559	15,064
Team Nutrition Training – FY 12	10.574	450
Team Nutrition Training – FY 11	10.574	<u>250</u>
Total U.S. Department of Agriculture		<u>1,812,165</u>
Department of Health and Human Services:		
Passed through Kansas State Department of Education:		
Cooperative Agreements to Support Comprehensive School Health Programs to Prevent the Spread of HIV and Other Important Health Problems 2013-2014	93.938	<u>415</u>
Total Expenditures of Federal Awards		<u>5,024,496</u>
Kansas State Department of Education:		
Parents as Teachers FY 13-14	N/A	127,000
School Food Assistance	N/A	36,448
State Safety Program	N/A	6,205
Technical Education Transportation	N/A	12,680
Kansas Health Foundation – KFIF Program	N/A	<u>300</u>
Total Expenditures of State Awards		<u>182,633</u>
Total Expenditures of Federal and State Awards		<u>\$ 5,207,129</u>

Notes to the Schedule of Expenditures of Federal Awards:

1. Basis of Presentation

This schedule is presented on the modified accrual basis of accounting which is the basis used by the District to present its basic financial statements for governmental funds. Under the modified accrual basis of accounting, expenditures are generally recognized when the fund liability is incurred except that, for federal and state award reporting purposes, the on-behalf payments for retirement contributions made by the State of Kansas are not included in the above program expenditures. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

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**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

Board of Education
Derby Unified School District No. 260
Derby, Kansas

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Derby Unified School District No. 260 as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the Derby Unified School District No. 260's basic financial statements and have issued a report thereon dated December 12, 2014. The financial statements of the Derby Recreation Commission were not audited in accordance with *Government Auditing Standards* and accordingly this report does not include reporting on internal control over financial reporting or instances of reportable noncompliance associated with the Derby Recreation Commission.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Derby Unified School District No. 260's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Derby Unified School District No. 260's internal control. Accordingly, we do not express an opinion on the effectiveness of Derby Unified School District No. 260's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Derby Unified School District No. 260's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in cursive script that reads "George, Bowlerman & Noel, P.A.".

Wichita, Kansas
December 12, 2014

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR
EACH MAJOR PROGRAM AND ON INTERNAL CONTROL
OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133**

Board of Education
Derby Unified School District No. 260
Derby, Kansas

Report on Compliance for Each Major Federal Program

We have audited Derby Unified School District No. 260's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the Derby Unified School District No. 260's major federal programs for the year ended June 30, 2014. Derby Unified School District No. 260's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Derby Unified School District No. 260's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Derby Unified School District No. 260's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Derby Unified School District No. 260's compliance.

Opinion on Each Major Federal Program

In our opinion, Derby Unified School District No. 260 complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2014.

Report on Internal Control over Compliance

Management of Derby United School District No. 260 is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Derby Unified School District No. 260's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Derby Unified School District No. 260's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.



Wichita, Kansas
December 12, 2014

DERBY UNIFIED SCHOOL DISTRICT NO. 260

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

(continued on next page)

Year ended June 30, 2014

Summary of Auditor's Results

1. The auditor's report expresses an unmodified opinion on the financial statements of Derby Unified School District No. 260.
2. No significant deficiencies relating to the audit of the financial statements are reported in the Independent Auditor's Report On Internal Control Over Financial Reporting And On Compliance And Other Matters Based On An Audit Of Financial Statements Performed In Accordance With *Government Auditing Standards*.
3. No instances of noncompliance material to the financial statements of Derby Unified School District No. 260 were disclosed during the audit.
4. No significant deficiencies relating to the audit of the major federal award programs are reported in the Independent Auditor's Report On Compliance For Each Major Program and on Internal Control Over Compliance Required By OMB Circular A-133.
5. The auditor's report on compliance for the major federal award programs for Derby Unified School District No. 260 expresses an unmodified opinion on all major federal programs.
6. Audit findings that are required to be reported in accordance with Section 510(a) of OMB Circular A-133 are reported in this Schedule.
7. The programs tested as major programs included:

<u>Program Name</u>	<u>CFDA No.</u>
Child Nutrition Cluster:	
School Breakfast Program	10.553
National School Lunch Program	10.555
Summer Food Service Program for Children	10.559
Title I, Part A Cluster:	
Title I Grants to Local Education Agencies	84.010
Special Education Cluster (IDEA):	
Special Education – Grants to States (IDEA, Part B)	84.027
Special Education – Preschool Grants (IDEA Preschool)	84.173

DERBY UNIFIED SCHOOL DISTRICT NO. 260

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(continued from previous page)

Year ended June 30, 2014

<u>Program Name</u>	<u>CFDA No.</u>
Impact Aid Cluster:	
Impact Aid (Title VIII of ESEA)	84.041
Health and Human Services Administration –	
Affordable Care Act (ACA) Grants for School	
Based Health Centers Capital Program	93.501

8. The threshold for distinguishing Types A and B programs was \$300,000.
9. Derby Unified School District No. 260 was determined to be a low risk auditee.

Findings – Financial Statement Audit

None

Findings and Questioned Costs – Major Federal Award Programs Audit

None

DERBY UNIFIED SCHOOL DISTRICT NO. 260
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

Year ended June 30, 2014

Findings – Financial Statement Audit

None

Findings and Questioned Costs – Major Federal Award Programs Audit

None